

**STATE OF CALIFORNIA
DEPARTMENT OF CONSUMER AFFAIRS**



2005 CONSUMER SATISFACTION STUDY

**FINAL REPORT OF
CUMULATIVE 2005 ANNUAL SURVEY RESULTS**

MARCH 2006

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FINAL REPORT OF CUMULATIVE 2005 ANNUAL SURVEY RESULTS

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EXECUTIVE SUMMARY (THREE PAGES)

FAMILIARITY WITH LEMON LAW & ARBITRATION PROCESS

- * Overall, in 2005, awareness of the vehicle arbitration process was low, with only 30% of respondents saying they were familiar with the process prior to purchasing their vehicle. This level remained consistent throughout all four survey waves.

OVERALL EVALUATION OF ARBITRATION PROCESS

Providing a Valuable Service for Consumers

- * There is room to improve the image of the vehicle arbitration process overseen by the Arbitration Certification Program (ACP): fewer than half of all respondents felt the program provided a **valuable** service for Californian consumers.
 - ✗ Perhaps not surprisingly, opinions about the value of arbitration were related to the respondent's own arbitration outcome: those who received an arbitration award rated the arbitration process as more valuable than those who did not.
 - In fact, those who received an award were consistently and significantly more positive in their evaluations of all aspects of the arbitration process than those who did not receive an award.
 - ✗ In addition, those whose hearings were conducted in-person and through the Better Business Bureau Autoline Program were more positive about the value of the process.
- * Overall value ratings did not change substantially from one quarter to the next, with one exception: Ford vehicle owners rated the value significantly higher in the fourth quarter of 2005 than in the first two quarters. It appears that the change by the Ford Motor Company to discontinue the Dispute Settlement Board (DSB) and instead become jointly certified with the Better Business Bureau (BBB) Auto Line Program has had a positive impact on Ford vehicle owners.

Perceived Bias

- * One possible explanation for the relatively poor assessment of overall value is that over half (56%) of all respondents in 2005 felt the arbitration process was **biased in terms of favoring the vehicle manufacturers**. However, results from one quarter to the next suggest that such cynicism may be on the decline: significantly more respondents felt the arbitration process was neutral and unbiased in the fourth quarter of 2005 (53%) than in the first quarter (30%).

Satisfaction with Personal Arbitration Experience

- * **Overall satisfaction with the arbitration process** improved significantly by the fourth quarter, perhaps in part due to increases in satisfaction ratings by Ford, Mercury and Lincoln owners. The BBB Auto Line Program was generally evaluated more favorably than the California Dispute Settlement Program (CDSP) or the DSB (now defunct). Despite the improvement, overall satisfaction with arbitration was relatively low, at 41% for the year.
 - ✗ Respondents whose arbitration was conducted in-person or by teleconference were generally more positive than those whose hearings were conducted by a documents-only process.
- * Six in ten respondents rated the arbitration process they personally experienced as fast but only four in ten rated it as being fair. However, **fairness** was more important than speed.
- * The vast majority rated the application form as relatively easy to complete and also found it not difficult to provide the requested documentation.

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Assessment of Hearing Outcome

- * Approximately four in ten respondents received an **award** in 2005, which was consistent across all four quarterly surveys. Among those who did, approximately half had their vehicles bought back.
 - ✖ Owners of Toyota vehicles and those whose hearings were conducted by documents-only were the least likely to receive an award as a result of arbitration.
- * Four in ten also felt the arbitration decision was fair. Not surprisingly, ratings of the fairness were highly dependent on whether or not an award was received; however, they were also dependent on the type of award received – those whose vehicles were bought back or replaced were more positive than those who received an agreement to pay for past and/or future repairs.
- * The vast majority said that, if the arbitration process did not exist, they would have done something else, and most said they would have contacted a lawyer or tried to go to court.

EVALUATION OF VEHICLE MANUFACTURER INTERACTIONS

- * In general, respondents were **not** happy with their interactions with the vehicle manufacturer's representatives throughout the arbitration process – nearly eight in ten (79%) gave them a “poor” or “fair” overall rating and at least six in ten respondents rated them negatively in terms of courtesy (63%), being accessible (73%), providing accurate information (75%), and providing documentation prior to the arbitration hearing (72%).
 - ✖ Respondents whose cases were administered by the California Dispute Settlement Program, whose hearings were conducted in-person, and who owned Toyota vehicles were the most positive in their overall evaluations of the vehicle manufacturer's representatives.
- * **Courtesy** was the most important factor in terms of overall satisfaction with the vehicle manufacturer's representatives, followed by the accuracy of the information provided, and accessibility.
- * Just over a third of those surveyed received a manufacturer's offer to settle the case prior to the arbitration hearing. Nissan and Ford manufacturers tried to settle more frequently than Toyota.

EVALUATION OF ADMINISTRATION SERVICE

- * Ratings of the administration service were **more positive** than evaluations of the vehicle manufacturer's representatives (although still not high, ranging from 50% to 68% positive). The administration service was rated highest in terms of timeliness for setting up the hearing, followed by being knowledgeable about the process and being easy to reach. Overall evaluations of the administration service that processed the arbitration remained the same over the course of the year.
 - ✖ The Better Business Bureau Auto Line Program received the highest overall evaluation.
- * The three aspects of the administration service that are the most important and highly correlated with overall satisfaction with the administration service include (in rank order):
 1. Being knowledgeable about the process,
 2. Providing reliable information and assistance, and
 3. Being knowledgeable about the specific case.

ASSESSMENT OF THE ARBITRATOR (Teleconference & In-Person Modes Only)

- * Evaluations of the **arbitrator** were relatively positive in terms of courtesy, professionalism, and knowledge about the law and the arbitration process; however, respondents were less satisfied with the arbitrator's level of preparedness, and knowledge about their specific cases. In addition, the majority of respondents felt the arbitrator did not act fairly.
 - ✕ Overall evaluations of the arbitrator improved significantly in the fourth quarter of 2005.
- * The most important attributes in terms of overall evaluations of the arbitrator included: **being fair**, being knowledgeable about their case, and being professional.

MOST IMPORTANT PROCESS TO CONSUMERS

- * Although evaluations of the vehicle manufacturer's representative, interactions with the administrative service, and evaluations of the arbitrator all contributed to overall satisfaction with the entire arbitration process, **satisfaction with the arbitrator was the most important** part of the process to consumers.

SPECIFIC EVALUATIONS WITHIN MODE OF ARBITRATION HEARING

- * The scheduling of teleconference hearings was convenient and the transmission quality of the call was fine for the majority of respondents.
- * In-person hearings were held in cities throughout the state, but approximately half took place in the area around Los Angeles. They were most frequently conducted at Better Business Bureau sites, followed by car dealerships, and then hotels. The convenience of the time and location of the hearing was not a problem for nearly three-quarters of these respondents, and nearly all rated the hearing environment as "private."

IMPROVEMENT OF PROCESS

- * When asked whether or not they would request that their hearing be conducted in the **same** manner if they had to go through arbitration again, respondents in 2005 were split. About half of all those interviewed in the second, third, and fourth quarters said they would request that their hearing be conducted in the same manner, if they had to go through arbitration again. This is a significant change from first quarter results, when the majority said they would have chosen a different manner.
 - ✕ Those who experienced in-person hearings were more likely to be willing to repeat the same hearing process.
- * Respondents were also divided about whether or not they would **recommend** the process to others and remained that way from one quarter to the next.
 - ✕ Those who went through the California Dispute Settlement Program and owned Toyota vehicles were the least likely to recommend the process.
- * Nearly half of all respondents **suggested improvements** to the arbitration process, ranging from making the process fairer and using arbitrators that are unbiased and who have more vehicle knowledge to having better locations and making it a faster process overall.

DEMOGRAPHICS

- * The plurality of survey respondents who had vehicles arbitrated in 2005: were males, were aged between 35 to 44 years, were well educated (college degree or higher), were Caucasian, lived in households with annual incomes of \$100,000 or more, spoke English at home, had home computers with Internet access, and owned their vehicles. The median number of vehicles in the household was two.

PROJECT BACKGROUND & STUDY DESIGN

Research Objectives

The California Arbitration Certification Program (ACP) contracted Aurora Research Group to conduct a consumer satisfaction study, involving four quarterly surveys administered in 2005 to assess the arbitration process offered by car manufacturers and overseen by the Department of Consumer Affairs.

Specific objectives of the research were to:

- Assess overall satisfaction with the ACP and with the different Dispute Resolution Programs, manufacturers' representatives, and individual arbitrators,
- Measure the effectiveness of each Dispute Resolution Program by evaluating aspects such as the ease of understanding the materials, the timeliness of the resolution process, and the convenience and location of the hearing,
- Understand attitudes about the programs, including perceived value and fairness, and the likelihood of recommending it to others, and
- Gather demographic information of program users.

The feedback from this process will be used by ACP to monitor and improve the dispute resolution programs in California. The results presented in this report represent the combined annual 2005 survey results, based on arbitration cases closed during all four quarters of 2005. Separate reports for each individual quarter are available in the statistical binders.

Sampling Design and Response Rate

Aurora Research Group used a hybrid sampling design to conduct a census of ACP users whose cases closed in the four quarters of 2005. In our attempt to gather input from all users, we conducted telephone interviews and followed up with mail surveys sent to all those who could not be reached by telephone.

Within the first two weeks after the close of each quarter, ACP provided Aurora Research Group with an electronic list of names and addresses of participants who had undergone vehicle arbitration, which we attempted to telematch. Results of each quarter's "hit rate" (or the percentage of all records for which a telephone number was found) is outlined in the following table. Overall, we telematched 46% of the records provided.

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TABLE 1: TELEMATCH RATE

TIMEFRAME	# OF RECORDS RECEIVED	NUMBER OF TELEPHONE NUMBERS MATCHED	PERCENTAGE TELEMATCHED
First quarter (Jan., Feb., Mar.)	611	298	49%
Second quarter (Apr., May, June)	446	191	43%
Third quarter (July, Aug., Sept.)	489 ¹	195	40%
Fourth quarter (Oct., Nov., Dec.)	586 ²	298	51%
Total	2,132	982	46%

In this baseline study, 38% of all completed surveys were conducted with a Computer-Assisted-Telephone-Interviewing (CATI) system.

TABLE 2: COMPLETED INTERVIEWS BY METHODOLOGY

TIMEFRAME	# OF TELEPHONE SURVEYS	PERCENTAGE OF TELEPHONE SURVEYS	# OF MAIL SURVEYS	PERCENTAGE OF MAIL SURVEYS
First quarter	74	42%	101	58%
Second quarter	101	38%	188	62%
Third quarter	48	29%	119	71%
Fourth quarter	102	46%	120	54%
Total	325	38%	528	62%

The overall response rate for the telephone survey, that is, the total number of willing respondents divided by the total number of qualified respondents, was 56%, as presented in the Table 3.

¹ Initially, ACP provided 494 records; however, 111 BBB participants and five CDSP participants had the same address (5055 Wilshire Blvd, Suite 300), assumed to be that of a law office. ACP resent actual home addresses for the BBB participants. However, they were unable to access the information from CDSP so we excluded those five from the study.

² ACP provided 742 records; however, 150 BBB participants and three CDSP participants had the same address (5055 Wilshire Blvd, Suite 300), assumed to be that of a law office, and were excluded from the study. Three other records were duplicated and also one was excluded.

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TABLE 3: TELEPHONE SURVEY RESPONSE RATE

TIMEFRAME	# OF WILLING & QUALIFIED (COMPLETED)	# OF QUALIFIED RESPONDENTS	COMPLETED INTERVIEWS	PARTIAL COMPLETE	LANGUAGE BARRIER	REFUSAL – SOFT	REFUSAL – HARD	REFUSAL – CALL BLOCK	REFUSAL – TOO ANGRY WITH PROCESS	INCIDENCE RATE (WILLING / QUALIFIED)
First quarter	74	142	74	4	12	22	11	13	6	52%
Second quarter	101	187	101	9	9	30	17	14	7	54%
Third quarter	48	89	48	1	0	11	17	9	3	54%
Fourth quarter	102	164	102	8	6	15	17	14	2	62%
Total	325	582	325	22	27	78	62	50	18	56%

Aurora Research Group mailed a hard copy of the survey to those ACP participants whose name and addresses were not telematched. In addition, surveys were mailed to participants who could not be reached via the telephone survey.³

Along with the questionnaire, Aurora Research Group mailed the respondents a cover letter and a postage-paid return envelope. For Spanish surnames, we included a Spanish translation of the cover letter and the survey. The next table outlines the number of surveys mailed and received.

TABLE 4: MAIL SURVEY RESPONSE RATE

MAILING	TOTAL MAILED	RETURNED	RESPONSE RATE
First quarter	528	101	19%
Second quarter	497	188	38%
Third quarter	444	119	27%
Fourth quarter	467	120	26%
TOTAL	1936	528	27%

³ Overall, 18 respondents contacted via the telephone survey were so angry with the arbitration outcome and/or experience that they complained to the interviewer and adamantly refused to conduct the survey. No follow up was conducted with these individuals.

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The margin of error⁴ for a completed sample of 853 surveys is + or – 2.6%, at the 95% confidence level. In other words, we are 95% sure that the true population parameters lie within +/- 2.6% of the sample statistics. As an example, if a response category to a question were chosen by 50% of program participants, we would be 95% sure that the true population parameters would lie between 47.4% and 52.6% (50.0% +/-2.6%). This is the most conservative level, and is generally used when describing the study as a whole. Individual margins of error for each question could be smaller, depending on the proportion of respondents choosing a specific response category.

Of the combined total of 2,132 program participants who were invited to participate, surveys were completed either by telephone or by mail by 853 program users. **The overall response rate of 27% is considered average for this type of study.**

TABLE 5: OVERALL RESPONSE RATE

MAILING	TOTAL # OF RECORDS RECEIVED	COMPLETED SURVEYS	RESPONSE RATE	MARGIN OF ERROR (AT THE 95% CONFIDENCE LEVEL) ⁵
First quarter	611	175	29%	+/- 6.3%
Second quarter	446	289	65%	+/- 3.4%
Third quarter	489 ⁶	167	34%	+/- 6.2%
Fourth quarter	586 ⁷	222	38%	+/- 5.2%
TOTAL	2,132	853	40%	+/- 2.6%

Arbitration Programs

In 2005, ACP oversaw four separate arbitration programs, defined according to vehicle manufacturer. Prior to the beginning of the third quarter, Ford Motor Company discontinued the DSB and instead became jointly certified with the BBB Auto Line Program. The third quarter survey results still had a few Ford, Mercury, or Lincoln car owners who went through the DSB, but there were none by the fourth quarter. In fact, fourth quarter results involved the evaluation of only two services: the BBB Auto Line Program and the CDSP. (as there were only three respondents in the entire year whose RV was arbitrated through the Consumer Arbitration Program, this program could not be evaluated individually, although the three cases are included in the overall quarter and annual analyses). The next table identifies the proportion of completed surveys conducted throughout the year with participants whose vehicles were arbitrated in each

⁴ With a finite population correction (FPC) factor applied, in part because the sample represents more than 10% of the population.

⁵ The finite population correction factor was applied in order to calculate these margins of error.

⁶ Initially, ACP provided 494 records; however, 111 BBB participants and five CDSP participants had the same address (5055 Wilshire Blvd, Suite 300), assumed to be that of a law office. ACP resent actual home addresses for the BBB participants. However, they were unable to access the information from CDSP so we excluded those five from the study.

⁷ Initially, ACP provided 742 records; however, 150 BBB participants and three CDSP participants had the same address (5055 Wilshire Blvd, Suite 300), assumed to be that of a law office, and were excluded from the study. Three other records were duplicated and also one was excluded.

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program.⁸ It can be seen that the majority (60%) of all respondents had processed their arbitration hearing through the BBB Auto Line Program, which works with the widest variety of manufacturers: Acura, Audi, Bentley, BMW, Buick, Cadillac, Chevrolet, General Motors, Geo, GMC, Honda, Hyundai, Infiniti, Isuzu, Land Rover, Mini-Cooper, Nissan, Oldsmobile, Pontiac, Saab, Saturn, Volkswagen, and Workhorse Custom Chassis (and, since the third quarter 2005, Ford, Mercury and Lincoln). Finally, 20% of all respondents used the CDSP, which deals with Porsche, Scion, and Toyota.

TABLE 6: ARBITRATION PROGRAM

PROGRAM	NUMBER	PERCENT
Dispute Settlement Board (discontinued)	171	20%
Consumer Arbitration Program - RV	3	<1%
Better Business Bureau Auto Line	510	60%
California Dispute Settlement Program	166	20%
TOTAL	850	

Method of Conducting Hearing

Within each arbitration administration program, there were three ways to conduct a hearing: by teleconference, in-person at a specific location, or by a documents-only process. In 2005, 70% of all hearings were conducted in-person, and the majority were administered by the BBB Auto Line Program. The number and percentage of respondents within each program are shown in the next table.⁹

TABLE 7: TYPE OF HEARING BY ARBITRATION PROGRAM

PROGRAM	IN-PERSON	TELECONFERENCE	DOCUMENTS-ONLY	TOTAL
Dispute Settlement Board (discontinued)	78 (50%)	41 (27%)	36 (23%)	155 (100%)
Better Business Bureau Auto Line	383 (80%)	78 (16%)	20 (4%)	481 (100%)
California Dispute Settlement Program	96 (60%)	32 (20%)	31 (20%)	159 (100%)
TOTAL	557 (70%)	151 (19%)	87 (11%)	795 (100%)

⁸ The total number of completed interviews for 2005 was actually 853, but in the mail survey, three participants did not identify the make of their vehicles and so we could not determine which arbitration program they used.

⁹ The number of respondents presented in this table is once again less than the total number of completed interviews, due to non-response on the question.

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Vehicles Arbitrated

In terms of specific vehicles, the questionnaire first confirmed the manufacturer of the respondent's vehicle. For a full listing of the respondents' vehicles in dispute, the reader should consult the statistical report. The most common vehicles in dispute throughout 2005 included:

- Ford (28%)
- Toyota (19%)
- Nissan (15%)
- Chevrolet (7%)
- Volkswagen (5%)

Respondents were also asked to briefly describe the main concern with their vehicle. Reported problems are summarized in the following table. It can be seen that engine problems were foremost among those respondents whose vehicles were arbitrated, followed by electric systems and brakes.

TABLE 8: MAIN AREA OF CONCERN

MAIN AREA OF CONCERN	PERCENT
Engine	28%
Electric system	12%
Brakes	11%
Transmission	7%
Steering and handling	3%
Exterior	4%
Noise in the dashboard	2%
Other	33%

Among those who said "other", responses included "a combination of everything, really," "air conditioning systems," "cd player malfunction," "fuel pump," "interior," "navigation system," and "rear suspension" to list but a few. A complete list of all responses is available in the statistical binder.

Questionnaire

One questionnaire was designed for both the telephone and mail surveys, although questions were suitably adapted for each format, and used in all four survey waves. Most of the questions were asked in a closed-ended format, and up to four questions were asked as open-ended. Verbatim responses were captured and later categorized for quantitative analyses.

In the telephone survey, the interviews took approximately 12 minutes on average to administer. We asked for the potential respondents by name (as provided by ACP),

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screened for age (adults at least 18 years old), and confirmed their experience of having had a vehicle arbitrated recently. The survey was administered mainly in English, but a Spanish translated version of the survey was available for those who preferred to participate in that language.¹⁰ For the mail survey, the approved questionnaire was translated into Spanish and formatted appropriately for ease of completion.

Methods of Analysis

Survey results were analyzed using univariate, bi-variate, and multivariate statistical techniques. The type of analysis depended upon the kind of variable analyzed and the hypotheses that were generated through an examination of the initial results. Unless otherwise noted, frequency percentages cited in this document represent *adjusted* frequencies, meaning that percentages have been adjusted to account for any non-responses (refusals to answer) or non-qualified responses (questions not answered due to answers to previous questions). In order to conduct some of the more advanced statistical techniques such as multiple regression, undecided respondents were necessarily eliminated from the analysis due to underlying requirements.

Researchers are interested in assessing whether or not the differences in observed percentages between certain groups of individuals are due to chance, or if they represent real differences among the subpopulations. Differences are identified by running statistical analyses and are discussed in the report. Statistical significance within crosstabulation tables was calculated using chi square (χ^2) statistics. Tests of proportion were used to identify differences in responses between questions, survey waves, or groups of respondents. The level of significance was generally set to a p value of .01. All demographic questions were included in the statistical analyses to determine if responses to questions differed by demographic characteristics. Relationships were assessed by correlation analyses, and, where appropriate, multiple regression analysis was used to determine key factors contributing to overall ratings.

Caveat:

The sole purpose of this report is to provide a collection, categorization and summary of public opinion data. Aurora Research Group intends to neither endorse nor criticize the State of California, the Department of Consumer Affairs, the ACP; or their policies, products, or staff. The Client shall be solely responsible for any modifications, revisions, or further disclosure/distribution of this report.

¹⁰ Seven percent of all 2005 interviews were conducted in Spanish.

RESULTS & CONCLUSIONS

The survey results are organized and presented as follows: within each section, the accumulated annual survey results based on the 853 completed questionnaires are first presented. This includes descriptive statistics, results of analyses identifying important contributors to overall ratings of the arbitration process, and discusses any key areas for improvement. Next, results by survey wave (first (Q1), second (Q2), third (Q3), or fourth (Q4) quarter) are presented and any significant differences are discussed. Finally, any group differences due to vehicle manufacturer (Ford, Toyota, Nissan, Chevrolet, or Other),¹¹ type of arbitration administration program (DSB, BBB Auto Line Program, or CDSP), survey method (telephone or mail), method of arbitration hearing (teleconference, in-person, or documents only), arbitration outcome (received award or not), or demographic characteristics (age, income, ethnicity, gender, or education)¹² are presented. Unless otherwise specified, results reported exclude responses of “undecided” as well as refusals. The order of topics presented in the report was chosen as the most logical in terms of meeting the information requirement objectives of the study and does not necessarily conform to the order of the questions within the survey.

FAMILIARITY WITH LEMON LAW & ARBITRATION PROCESS

Cumulative Results

- ❖ 1 *There is much scope for improving the visibility of California’s Lemon Law and arbitration process in the eyes of consumers: overall, in 2005, only three in ten (30%) respondents said they were familiar with the arbitration process prior to purchasing their vehicle.*

Survey respondents who had a vehicle arbitrated in 2005 were first asked the following question to assess how familiar they were with the process:

“Before you purchased your vehicle, how familiar were you with California’s Lemon Law and arbitration process? Would you say very unfamiliar, somewhat unfamiliar, somewhat familiar or very familiar?”

¹¹ To statistically analyze vehicle manufacturer, we required a minimum of 60 completed surveys for the year. Only four manufacturers met this criterion – Ford (240 surveys), Toyota (162 surveys), Nissan (124 surveys), and Chevrolet (63 surveys). Surveys about all other vehicle manufacturers were categorized as “Other” (264 surveys).

¹² The reader is referred to the demographic characteristics section near the end of this report to see how the demographics were categorized.

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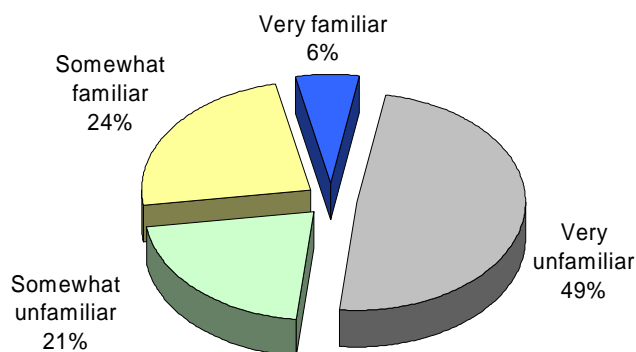
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Results, illustrated in Figure 1, show that nearly half of all respondents surveyed in 2005 (49%) were “very” unfamiliar with the entire arbitration process and a further 21% said they were “somewhat” unfamiliar with it. Only 6% of all those surveyed said they were “very” familiar with California’s Lemon Law and arbitration process. Adding the 24% who were “somewhat” familiar, this means that still only three in ten respondents (30%) knew about the Lemon Law and the arbitration process prior to purchasing their vehicle.

FIGURE 1

Familiarity with Lemon Law & Arbitration Process

(Before you purchased your vehicle)



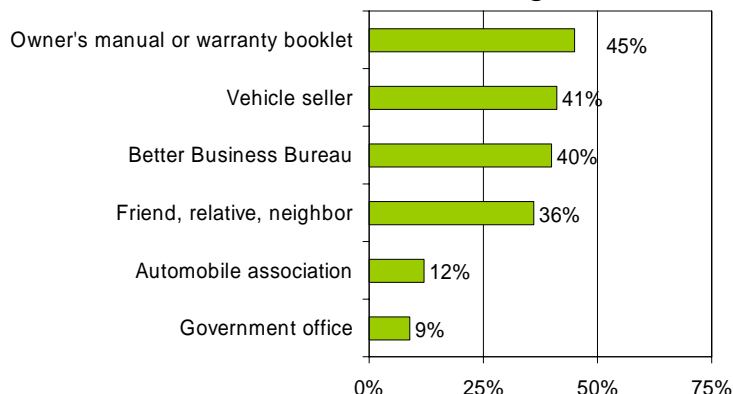
- ❖ 2 *Current modes of informing consumers about arbitration could also be more successful: fewer than half of all participants of vehicle arbitration in 2005 first learned about the arbitration program through the vehicle owner’s manual/warranty booklet, the vehicle seller, or the BBB.*

Respondents were read a list of possible information sources and asked, yes or no, whether they had learned about the arbitration program through that particular source.¹³ It can be seen in Figure 2 that the most frequently-mentioned sources included the owner’s manual or warranty booklet (cited by 45% of all respondents), the vehicle seller (41%), and the BBB (40%). However, fewer than half of all respondents learned about arbitration these ways. The least familiar sources were automobile associations (12%) and a government office (9%).

¹³ Each respondent was exposed to each source. Some said yes to more than one source and, therefore, the sum of the percentages exceeds 100%. Not all respondents gave a response to all questions.

FIGURE 2

**How Participants Learned
About the Arbitration Program**



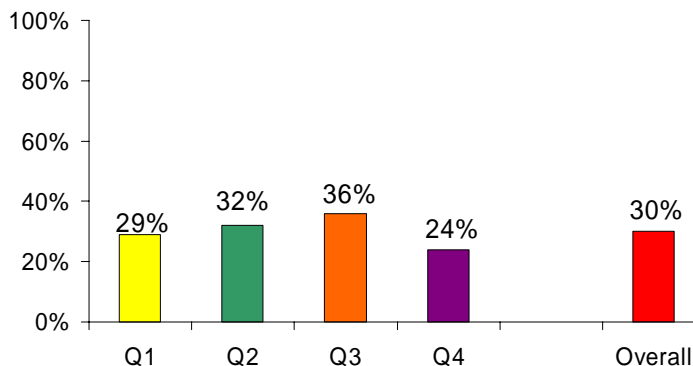
Quarterly Results

- ❖ 3 *Levels of familiarity with the arbitration process did not change between survey quarters in 2005.*

Although there are slight differences in the percentage of respondents who said they were “somewhat” or “very” familiar with California’s Lemon Law and arbitration process from one survey quarter to another, the differences were not statistically significant. Percentages are shown in Figure 3.

FIGURE 3

**Familiarity with Lemon Law and Arbitration
Process Prior to Vehicle Purchase: Percent
“Somewhat” + “Very” Familiar**



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Group Differences

- ❖ 4 *Age and gender were the only two characteristics that showed differences in familiarity with California's Lemon Law: males and those respondents older than 45 years were more familiar with the arbitration program.*

To see if there were any features that distinguished those respondents who were familiar with California's Lemon Law prior to purchasing their vehicles from those who were not, results were dichotomized (percent "somewhat + very familiar" versus percent "somewhat + very unfamiliar"), and a series of chi-square analyses were conducted. Variables in the analyses included the dispute resolution program which managed the process, the method of arbitration, the survey method (telephone vs. mail), the outcome of the arbitration hearing, the make of vehicle arbitrated, and the demographic characteristics of age, income, education, gender, and ethnicity.

Results indicated, first of all, that familiarity had nothing to do with how the arbitration was conducted, the make of vehicle arbitrated, or the outcome of the arbitration process. Further, those who were familiar with the arbitration program were similar demographically in terms of ethnicity, income, and education. The only two differences that emerged indicated that:

- men were significantly more familiar with the Lemon Law (32%) than were women (25%), and
- respondents 45 years of age and older were significantly more familiar (35%) than were respondents younger than 45 years (24%).

OVERALL EVALUATION OF ARBITRATION PROCESS

Providing a Valuable Service for Consumers

Cumulative Results: Overall Assessment of Value

- ❖ 5 *There is room for improving the image of the arbitration process overseen by the ACP – fewer than half of all respondents who went through vehicle arbitration in 2005 and were surveyed felt the program provided a valuable service for Californian consumers.*

Respondents were asked to assess the overall value of the arbitration process, regardless of the outcome of their own specific case, using a four-point scale. Results, as illustrated in Figure 4, indicated that slightly fewer than half (47%) of all respondents interviewed during 2005 felt the arbitration process provided a valuable service for consumers: 19% rated its value as "good" and a further 28% rated it as "excellent." Slightly more

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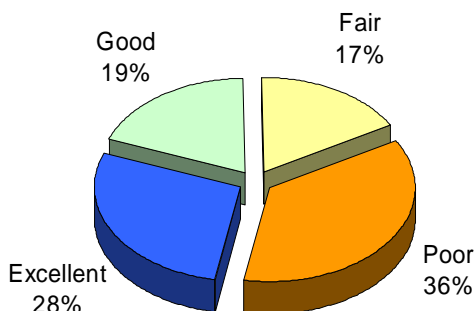
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than half (53%) of all respondents did not feel it provided a valuable service: 17% rated the process as “fair,” and the largest percentage of participants (36%) felt it provided a “poor” service for consumers.

FIGURE 4
Overall Assessment
of the Value of the Arbitration Process
(Regardless of the outcome of your specific case)

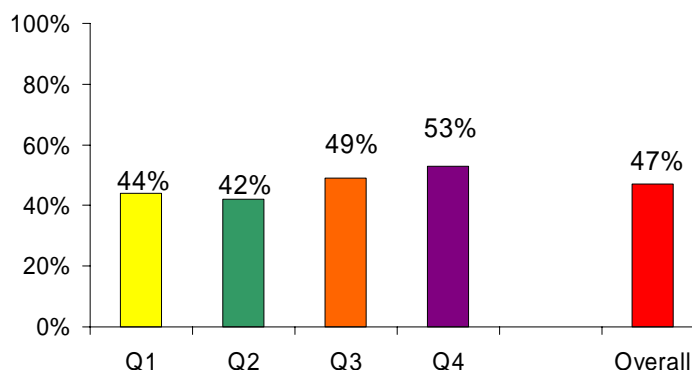


Quarterly Results

- ❖ 6 Ratings of overall value did not change substantially from one quarter to the next, with one exception: Ford vehicle owners rated the value significantly higher in the fourth quarter of 2005 than in the first two quarters. It appears that the change by the Ford Motor Company to discontinue the DSB and instead become jointly certified with the BBB Auto Line Program has had a positive impact on Ford vehicle owners.

When ratings of the overall value of arbitration for consumers were compared from one survey quarter to the next, no statistically significant differences were found, although the difference between the second and fourth quarter results approached significance. Results, presented in Figure 5, indicate that the perceived value of arbitration (ratings of “good” plus “excellent”) ranged from a low of 42% in the second quarter to a high of 53% in the fourth quarter.

FIGURE 5
Overall Assessment of the Value of the Arbitration Process: Percent Positive Ratings (Good + Excellent):



Quarterly Results: Ford, Mercury & Lincoln Owners Only

There was a major change in a dispute settlement program just prior to the third quarter of 2005, whereby Ford Motor Company discontinued the DSB and instead became jointly certified with the BBB Auto Line Program. We were, therefore, interested in seeing whether the change had any impact on overall assessments of the value of arbitration among owners of Ford, Mercury, or Lincoln vehicles whose hearings were closed in the first two quarters of 2005 (under the DSB) compared with those whose hearings were closed later in the year (under the BBB Auto Line Program). Results by quarter, shown in Figure 6, indicate that significantly more Ford, Mercury, and Lincoln vehicle owners thought the arbitration was valuable in the fourth quarter than in the first two quarters of 2005. Results from the third quarter are not as clear-cut because they still contained a few respondents who had been arbitrated through the DSB.

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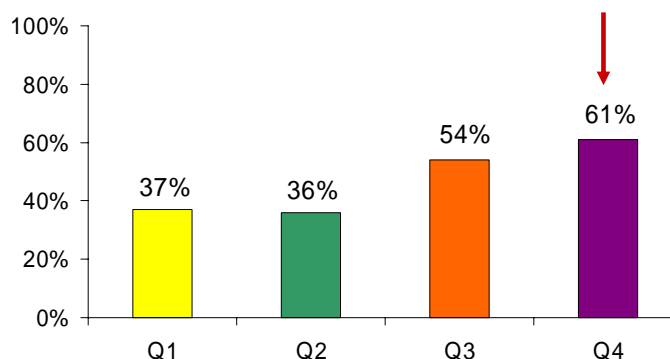
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FIGURE 6

Overall Assessment of the Value of the Arbitration Process: Percent Positive Ratings (Good + Excellent): Ford, Mercury and Lincoln Owners Only



Group Differences

- ❖ 7 Perhaps not surprisingly, opinions about the value of arbitration were related to the respondent's own arbitration outcome: those who received an arbitration award rated the arbitration process as more valuable than those who did not. In addition, those whose hearings were conducted in-person and through the BBB Auto Line Program were more positive about the value of the process.

To see if there were any features that distinguished those respondents who thought the arbitration process was valuable from those who did not, results were dichotomized (percent "good" + "excellent" versus percent "poor" + "fair"), and a series of chi-square analyses were conducted. Variables in the analyses included the dispute resolution program which managed the process, the method of arbitration, the survey method (telephone vs. mail), the outcome of the arbitration hearing, the make of vehicle arbitrated, and the demographic characteristics of age, income, education, gender, and ethnicity. Results indicated that, in general, those who rated the arbitration process as providing a valuable service were similar demographically to those who did not think it was valuable in terms of age, income, education, and gender. Only ethnicity was significant: Caucasian and African-American respondents thought the process was significantly more valuable (51% and 48%, respectively) than did Hispanic/Latino respondents (40%) or Asian respondents (33%). Ratings of overall value did not vary according to survey methodology or the make of the vehicle arbitrated.

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Although respondents were asked not to consider the outcome of their own cases, it was difficult for some to separate the process from their personal experience, especially if they had a positive outcome and received an award. The three differences that emerged from the analyses indicated that those respondents who felt the arbitration process provided a valuable service for consumers were significantly more likely to have:

- had their hearing administered by the BBB Auto Line Program (52% rated the value as “good” or “excellent”) than by the DSB (39%) or the CDSProgram (37%),
- received an award (77%) than those who did not (25%), and
- had their hearing arbitrated in-person (51%) than by teleconference (39%), or by documents only (26%).

Perceived Bias

Cumulative Results

- ❖ 8 *One possible explanation for the relatively poor assessment of overall value is that over half (56%) of all respondents in 2005 felt the arbitration process was biased in terms of favoring the vehicle manufacturers.*

Following the question about the overall value of the arbitration program, respondents were next asked:

“Regardless of the outcome of your specific case, would you say the process is biased in favor of the vehicle manufacturer, neutral and unbiased, or biased in favor of the consumer?”¹⁴

Just over half (56%) of respondents felt the arbitration process was preferential towards the vehicle makers. Forty-three percent (43%) considered the process to be neutral, and only a small fraction (1%) thought the process favored consumers. This indicates a fair degree of cynicism.

¹⁴ In the telephone survey, the CATI programming randomized the order in which the responses were presented.

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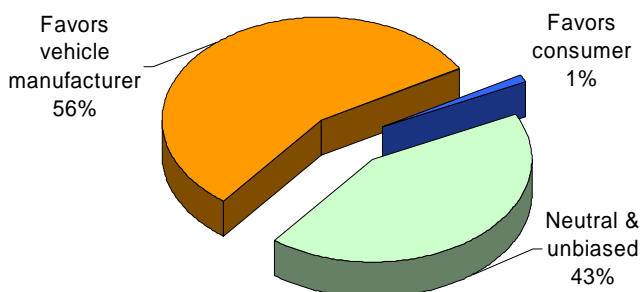
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FIGURE 7

Perceived Bias of Process

(Regardless of the outcome of your specific case)



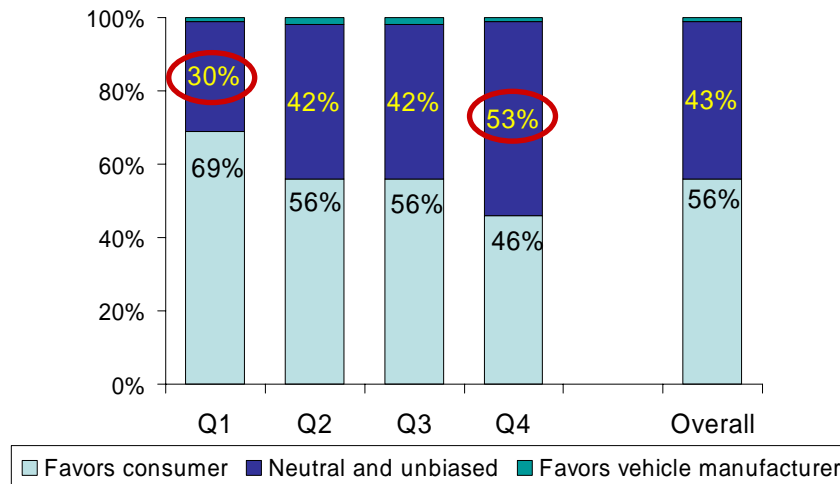
Quarterly Results

- ❖ 9 However, results from one quarter to the next suggest that such cynicism may be on the decline: significantly more respondents felt the arbitration process was neutral and unbiased in the fourth quarter of 2005 (53%) than in the first quarter (30%).

Ratings of the perceived bias of the arbitration process by quarter are presented in Figure 8. It can be seen, first of all, that up until the fourth quarter, the majority of respondents felt the process was biased in favor of the vehicle manufacturer. However, this dropped below 50% in the fourth quarter, as the percentage of respondents who rated the process as neutral and unbiased increased. In fact, ratings of neutrality increased significantly from the first to the second quarter and from the third to the fourth quarter. Whether there have been policy or administration changes to account for this change is beyond the scope of the current results, but may be answerable by the client.

FIGURE 8

**Perceived Bias in the Arbitration Process:
Quarterly Results**



Group Differences

- ❖ 10 Respondents who received arbitration awards were more likely to view the process as unbiased and neutral than those who did not. Respondents whose hearing was administered by the BBB were also more neutral.

Chi-square analyses were run to determine if there were certain distinguishing features that would account for ratings of perceived bias. No demographic characteristics were distinguishing and survey method as well as make of vehicle were not significant. The only significant results indicated that those who considered the arbitration process to be neutral and unbiased were most likely to have:

- had their hearing administered by the BBB Auto Line Program (49% rating the process neutral) than by either the DSB (36%) or the CDSP (32%),
- received an award (75%) than those who did not (19%), and
- had their hearing arbitrated in-person (46%) or by teleconference (40%) than by documents only (22%).

Satisfaction with Personal Arbitration Experience

Cumulative Results: Overall Satisfaction with the Arbitration Process

- ❖ 11 *The majority of respondents surveyed during 2005 were dissatisfied with their own personal experience with the entire arbitration process. In fact, the largest percentage of respondents (41%) said they had a “poor” arbitration experience overall.*

Respondents were told to recall their own specific experience and were asked to evaluate their satisfaction with the entire arbitration experience,¹⁵ using a four-point scale. Forty-one percent of all respondents gave the lowest rating (“poor”) and an additional 18% said the arbitration process was “fair,” indicating that nearly six in ten respondents (a combined total of 59%) were dissatisfied with their own arbitration experience in 2005. Only 41% of respondents were satisfied with their own arbitration experience, and gave “good” (21%) or “excellent” (20%) evaluations, as shown in Figure 9.

FIGURE 9

Overall Satisfaction with Arbitration Process

(Based on Entire Personal Experience)

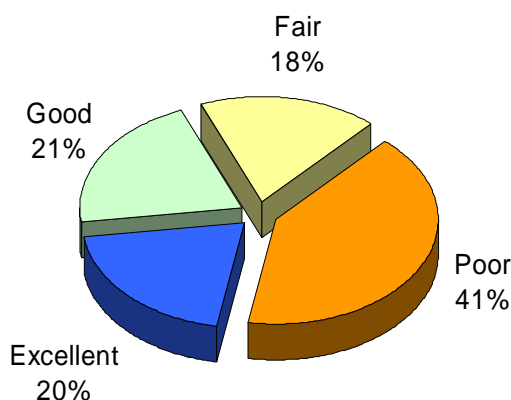


Figure 10 compares the two overall ratings of the arbitration process (providing a valuable service for consumers and overall satisfaction with the process, personally). Positive responses dropped significantly by 6 percentage points (from 47% to 41%) when respondents included their own personal experience in the overall assessment. In other words, it could be said that respondents’ personal experience did not measure up to their expectations about the value of the arbitration process in general.

¹⁵ The exact wording of the question was: “And now, thinking specifically about your entire experience with the Arbitration Process, from the time you first heard about it to the final decision, how would you rate your satisfaction with the process – would you say that, overall, it was poor, fair, good, or excellent?”

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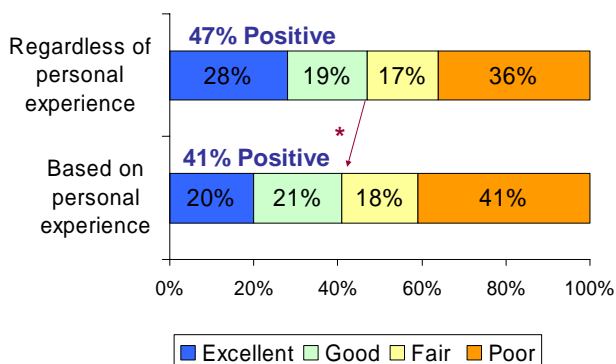
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FIGURE 10

Overall Assessment of Arbitration Process



(* represents a statistically significant difference.)

Quarterly Results

- ❖ 12 Although overall satisfaction with the arbitration process improved significantly by the fourth quarter, fewer than half were satisfied even then. The increase may in part be due to increased satisfaction among Ford, Mercury, and Lincoln owners from the first to the fourth quarters.

In terms of quarterly results, it can be seen in Figure 11 that personal satisfaction (ratings of “good” plus “excellent”) with the arbitration process was lowest in the first quarter of 2005, at 34%. By the fourth quarter of 2005, satisfaction had increased a statistically significant amount to 48%. It is unclear whether or not this is due to possible changes within arbitration programs, or because Ford, Mercury, and Lincoln vehicles were arbitrated through the BBB Auto Line Program in the fourth quarter. The most robust result, because it is based on the largest number of participants, is the result for the year combined (41% personally satisfied).

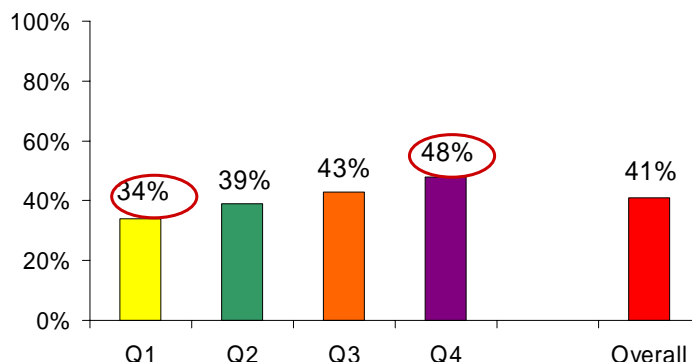
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FIGURE 11
Overall Satisfaction with Arbitration
Personally: Percent Positive Ratings (Good + Excellent)



Quarterly Results: Ford, Mercury & Lincoln Owners Only

Because of the change in the dispute settlement program, we again were interested in seeing whether the change had any impact on overall satisfaction with the entire arbitration process among owners of Ford, Mercury, or Lincoln vehicles over time. Results indicated that overall satisfaction with arbitration for these vehicle owners increased significantly to 53% by the fourth quarter from 31% in the first quarter and 36% in the second quarter of 2005.

Group Differences

- ❖ 13 Overall satisfaction with arbitration varied by administration service, outcome, and how the hearing was conducted. It was also linked to receiving an arbitration award: those who received an award were the most satisfied overall with the process.

A series of chi-square analyses were conducted to determine if there were any statistically significant differences in terms of the administration service who managed the process, the method of arbitration, survey method, the outcome of the arbitration hearing, the make of vehicle arbitrated, or whether any demographic characteristics differentiated respondents who were satisfied overall with their arbitration experience (i.e. ratings of "good" and "excellent") from those who were not satisfied (i.e. ratings of "fair" and "poor"). Results indicated, first of all, that no demographic characteristics were significant: in other words, those who were satisfied in 2005 were similar to those who were dissatisfied regardless of age, income, education, gender, or ethnicity. Satisfaction with the process also did not vary according to the type of vehicle arbitrated.

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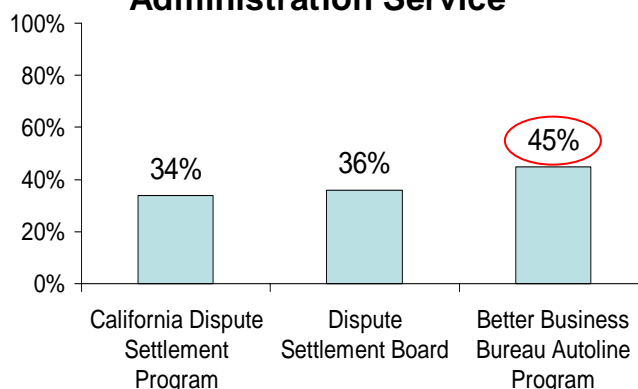
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The three differences that did emerge indicated that those respondents significantly more likely to be satisfied with the arbitration process:

- had their hearing administered by the BBB Auto Line Program (45% satisfied) than by the DSB (36%) or the CDSP (34%) as shown in Figure 12.

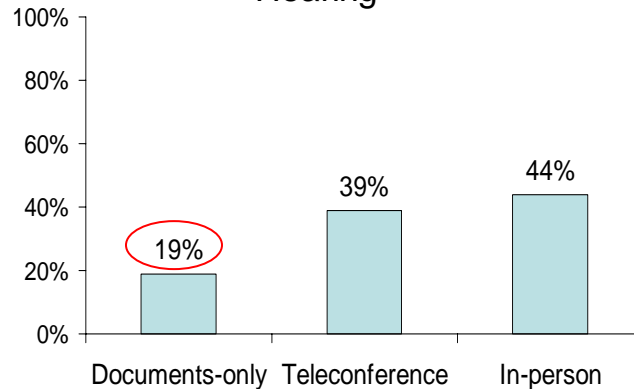
FIGURE 12

Overall Satisfaction with Arbitration Experience: Percent Positive by Administration Service



- received an award (73% satisfied) than those who did not (18%), and
- had their hearing arbitrated in-person (44% satisfied) or by teleconference (39%) than by documents only (19%), as can be seen in Figure 13. It should be remembered, however, that, regardless of the mode of the hearing, the majority of all respondents were **dissatisfied** with their experience overall.

FIGURE 13
Overall Satisfaction with Arbitration
Experience: Percent Positive by Mode of
Hearing



As those who attended the hearings in-person were significantly more satisfied overall with the process than the documents-only respondents, the ACP might want to consider discouraging the documents-only process and encouraging more individuals to attend their hearings in-person and via teleconference. On the other hand, as the vast majority of respondents in 2005 did have their hearings in-person (70%) or via teleconference (19%), substantial gains might not be realized by such an effort: only 11% conducted their arbitration by the documents-only process in 2005.

Perceptions of Arbitration as a Fast and Fair Process

- ❖ 14 In 2005, six in ten respondents rated the arbitration process they personally experienced as fast but only four in ten rated it as being fair. However, fairness was more important to respondents than speed.

The survey asked all respondents to rate their personal experience with the arbitration process in terms of being fast and being fair. As shown in Figure 14, over half of those responding rated the speed of the process as “good” (35%) or “excellent” (23%). This total (58%) was significantly larger than the combined proportion of respondents who felt the process was fair (39%). This, in part, is due to the large group of respondents (44%) who evaluated the fairness of their own arbitration experience as “poor.”

Further statistical analyses indicated that ratings of “fairness” were more important to respondents: the relationship between fairness and overall satisfaction with arbitration was much stronger than the relationship between speed and satisfaction.¹⁶

¹⁶ The correlation between fairness and overall satisfaction personally was .86; the correlation between speed and overall satisfaction was .53

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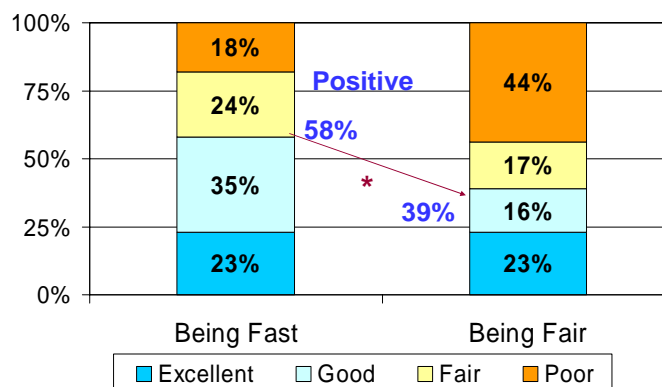
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FIGURE 14

Rating: Personal Experience



(* represents a statistically significant difference.)

Application Form Assessment

- ❖ 15 The vast majority of respondents rated the application form as relatively easy to complete and also found it not difficult to provide the requested documentation.

Using a four-point rating scale, respondents were asked to evaluate the application form they had to complete in order to start the arbitration process on two issues:

- ease of completing, and
- ease of providing required documentation.

Overall, the majority had little difficulty with the application itself: a combined total of 85% said it was "somewhat" or "very" easy to complete and just slightly fewer (82%) felt the required documentation was relatively easy to provide. Results for all categories are presented in Figure 15.

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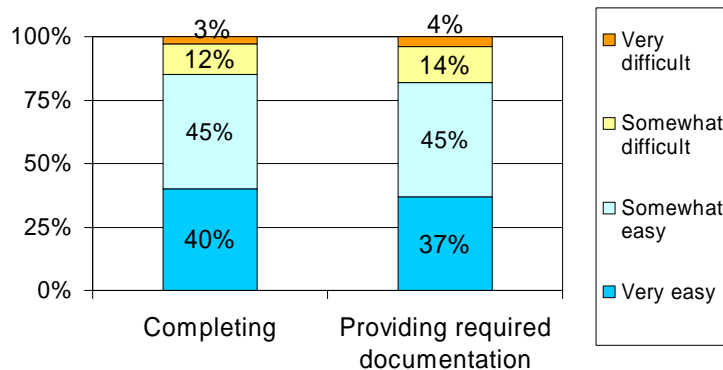
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FIGURE 15

Rating of Application Form

in terms of ease of ...



Assessment of Hearing Outcome

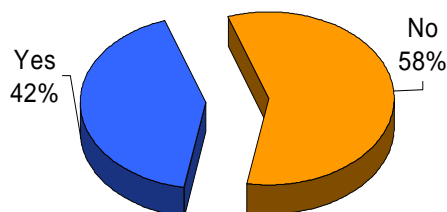
Cumulative Results: Outcome

- ❖ 16 Only four in ten respondents received an award of any type in 2005.

In terms of the outcome of their arbitration experience, respondents were asked whether or not they received an award of any type. Results indicated that the majority (58%) said they did not receive an award of any type, and only 42%, or approximately four in ten respondents received an award.

FIGURE 16

Outcome of Arbitration: Received an Award?



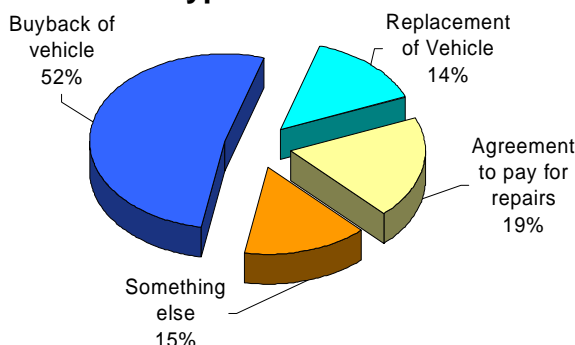
Type of Award Received

- ❖ 17 Among those who received an award, approximately half had their vehicles bought back.

The 355 respondents who received an award were asked to choose from a list of options the one that best described their award. Results, presented in Figure 17, indicate that the most frequently-occurring award was vehicle buyback (52% of these respondents), followed by agreement to pay for past and/or future repairs (19%), followed by vehicle replacement (14%). An additional 15% of respondents gave another response.

FIGURE 17

Those who Received an Award: Type of Award



Of the 52% (184 respondents) during 2005 who received a buyback, 13% were charged negative equity, 74% were not charged negative equity, 11% did not know, and the remaining 2% did not answer.

Of the 14% (50 respondents) who received a vehicle replacement, 26% were charged upgrade fees for a standard option, 48% were not, 18% did not know, and the remaining 8% did not answer.

Of the 15% (52 respondents) who said their award was “something else,” a few examples were:¹⁷

- “I pressed for a different outcome than given in arbitration and got it.
- Arbitrator recommended void warranty.
- Cover up damage & call it fixed.
- Dealer was supposed to fix problem; its been 4 months and they still haven't.
- Ford was given YET ANOTHER chance to fix the car, the car is now worse than before.

¹⁷ For complete transcripts of all verbatim comments, the reader is referred to the statistical binders.

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- I did not accept arbitrator's decision and proceeded to small claims court. Awarded payment of past repairs plus award for deceptive business practices by Toyota from small claims court decision.
- I got award, but they didn't do anything. The car was non-repairable. The company verbiage was built to design.
- New paint job to entire car.
- Sent a so called professional to overview fixes on Titan -- Nothing to my satisfaction.
- The guarantee got extended.
- Warranty extended, ordered repairs.
- Still not settled - arbitration did not work."

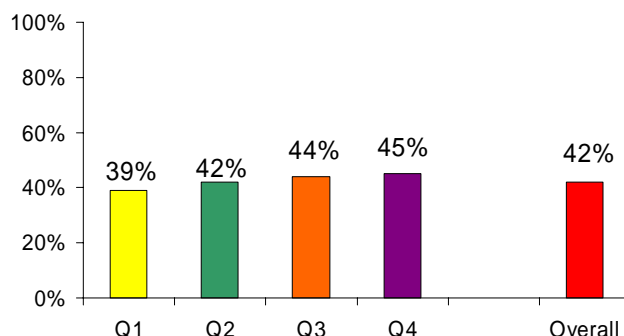
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- ❖ 18 *The outcome of arbitration did not change from one quarter to the next.*

The percentage of respondents who received an award as an outcome of their arbitration hearing did not change significantly from one quarter to the next: approximately four in ten respondents in all quarters received awards. The actual percentages are presented in Figure 18.

FIGURE 18

Outcome of Arbitration: Percent Who Received an Award



Group Differences

- ❖ 19 *Owners of Toyota vehicles and those whose hearings were conducted by documents-only were the least likely to receive an award as a result of arbitration.*

A series of chi-square analyses was again run to determine if there were any characteristics that distinguished those respondents who received awards from those who did not. No demographic variables were significant. The only differences that emerged were due to vehicle

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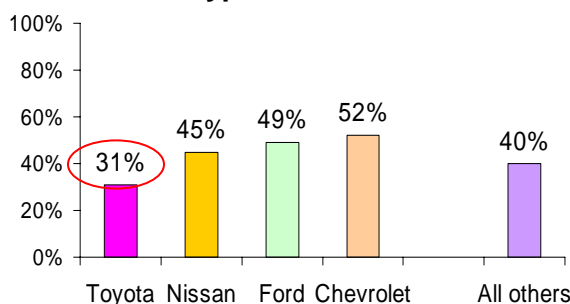
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manufacturer, administrative service, and method of arbitration. The least likely to have received awards as an outcome of arbitration were Toyota owners (31% received awards), those whose hearings were managed through the CDSP (mostly the same people),¹⁸ and those whose hearings were conducted by documents-only (27%). The percentages of those who received awards by type of vehicle are shown in Figure 19.

FIGURE 19
Percent Who Received an Award by Type of Vehicle



Outcome: Fairness of Decision

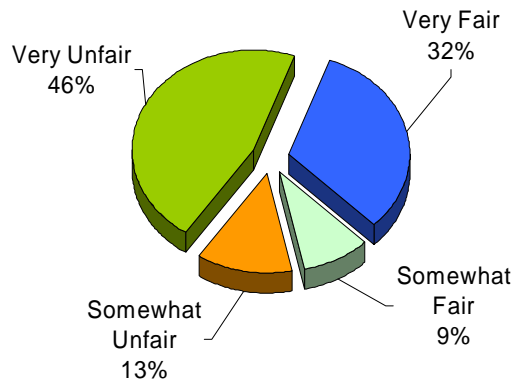
- ❖ 20 Only four in ten respondents felt the arbitration decision was fair, indicating that the majority felt the decision was unfair.

All respondents were then asked to rate the fairness of the arbitration decision, using a four-point scale. Results, presented in Figure 20, show that only a combined total of 41% of all respondents in 2005 rated the decision of the arbitration as either “somewhat” or “very” fair. The majority (59%) felt the arbitration decision was unfair. In fact, nearly half (46%) of all respondents rated the decision as “very unfair.”

¹⁸ These two groups of respondents were largely the same – 96% of those whose vehicles were arbitrated through the CDSP Board were Toyota owners. Only six respondents owned Porches or Scions, the two other types of vehicles arbitrated through this program.

FIGURE 20

**Outcome of Arbitration:
Fairness of Decision**

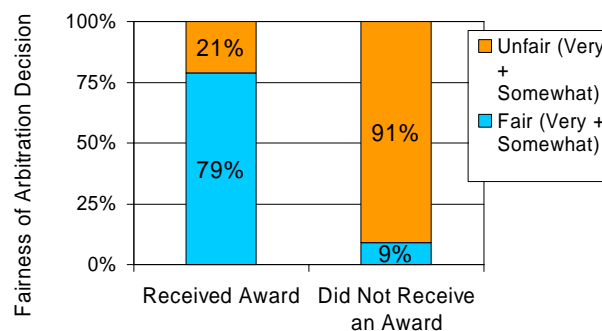


- ❖ 21 Not surprisingly, ratings of the fairness of the arbitration decision were highly dependent on whether or not an award was received.

Figure 21 shows the perceived fairness of the arbitration decision by whether or not respondents received an award. It can be seen that the vast majority (91%) of those who did not receive an award felt the decision was **unfair**, while the majority (79%) of those who did receive an award felt the arbitration decision was **fair**.

FIGURE 21

**Perceived Fairness of Arbitration
Decision by Award Outcome**



- ❖ 22 Fairness ratings were also dependent on the type of award received – those whose vehicles were bought back or replaced were significantly more positive than those who received an agreement to pay for past and/or future repairs.

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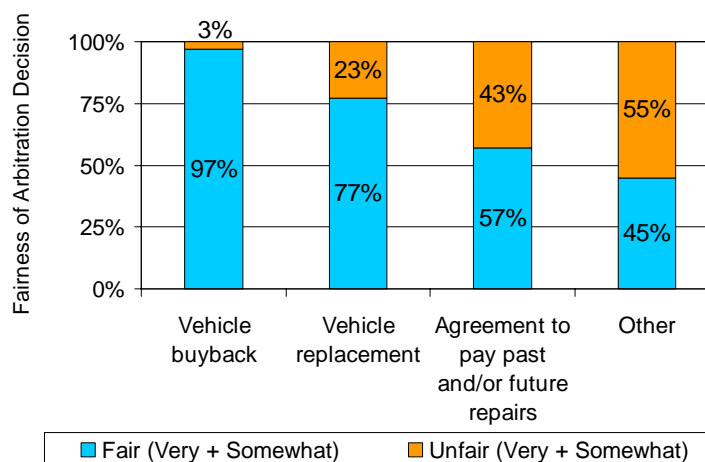
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The next graph (Figure 22) indicates that among those who received an award, those who received an agreement to pay for past and/or future repairs felt the arbitration decision was significantly less fair (57% positive) than those who either received a vehicle replacement (77% positive) or a vehicle buyback (97% positive ratings).

FIGURE 22

Perceived Fairness of Arbitration Decision by Award Outcome (Recipients Only)



Alternatives to Arbitration

- ❖ 23 The vast majority of respondents said that if the arbitration process did not exist, they would have done something else, and most said they would have contacted a lawyer or tried to go to court.

All respondents were asked: “if the arbitration process did not exist, would you have done something else?” The vast majority (95%) of respondents said “yes.” A list of alternatives was then presented¹⁹ and respondents were asked which ones they would likely have chosen. Results, presented in Figure 23, indicate that the majority said they would have contacted a lawyer (93%) and tried to go to court (88%). The least-likely response would have been to “call the government” (only 57% said they would). Responses to this particular question should probably be treated with caution, as they are based on the only hypothetical scenario that the ACP vehicle arbitration program did not exist.

¹⁹ These alternatives were excluded from the telephone survey after the first quarter in order to reduce the length of the interview. They were included in the mail version of the survey in all quarters.

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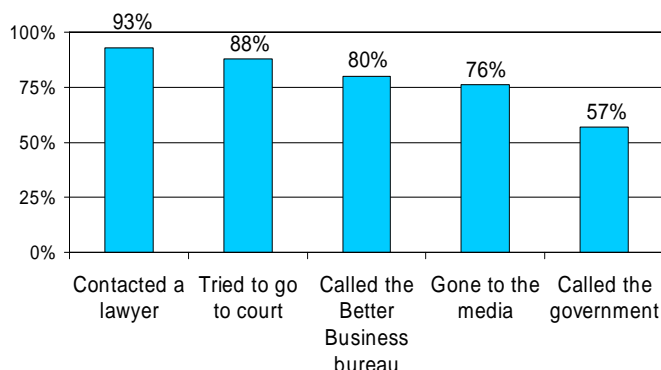
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FIGURE 23

What Would You Have Done if Arbitration Did Not Exist?



EVALUATION OF VEHICLE MANUFACTURER INTERACTIONS

The arbitration process consists of interactions with three main entities: the vehicle manufacturer's representatives, the administration service, and the arbitrator. In the questionnaire, respondents were asked to evaluate a number of different aspects of their interactions with each of the three entities and also to give an overall assessment of each.

Cumulative Results

- ❖ 24 In general, respondents were not happy with their interactions with the vehicle manufacturer's representatives throughout the arbitration process – nearly eight in ten rated them negatively overall and at least six in ten respondents rated them negatively in terms of courtesy, being accessible, providing accurate information, and providing documentation prior to the arbitration hearing.

Using a four-point rating scale, respondents were asked to evaluate their interactions overall with the vehicle manufacturer's representatives, and then to rate the manufacturer on four specific attributes: courtesy of the representatives, accessibility in terms of reaching the right person and having calls returned, providing accurate information, and providing documentation prior to hearing (such as repair orders, manufacturer's position, or technical service bulletins). Figure 24 indicates that, in 2005, participants in vehicle arbitration were generally quite negative in terms of their interactions with the vehicle manufacturer's representative. It can be seen that the majority of those surveyed gave ratings of "poor" (57%) or "fair" (22%) in terms of their overall interactions, indicating that a combined total of 79% of all respondents were unhappy with the vehicle manufacturer throughout the arbitration

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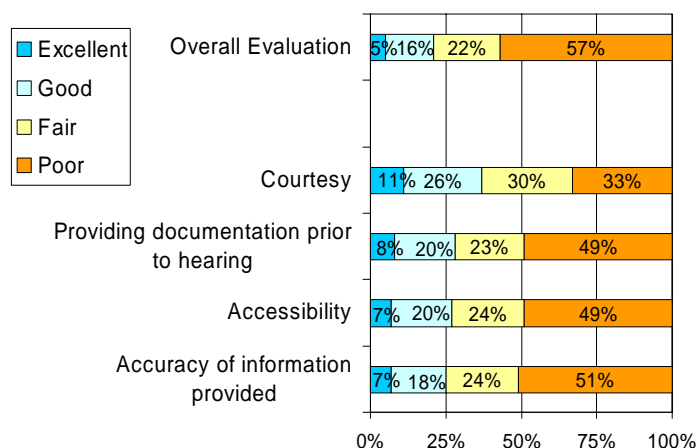
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process. Nearly half of respondents gave “poor” ratings in terms of the accuracy of information provided (51%), accessibility (49%), and providing documentation prior to the hearing (49%). Respondents rated the manufacturer’s representative highest in terms of courtesy: 11% said the representatives were “excellent” and a further 26% said they were “good;” but the majority of respondents (63%) were negative in their evaluations of the courtesy of the vehicle manufacturer representative.

FIGURE 24

Assessment of Vehicle Manufacturer’s Representatives



Quarterly Results

- ❖ 25 Overall evaluations of interactions with the vehicle manufacturer’s representatives throughout the arbitration process did not change from one survey quarter to the next.

Figure 25 shows the percent of positive (combined ratings of “good” plus “excellent”) ratings of overall interactions with the vehicle manufacturer’s representatives in all four survey quarters. Results of a chi-square analysis indicate no significant differences from one quarter to the next.

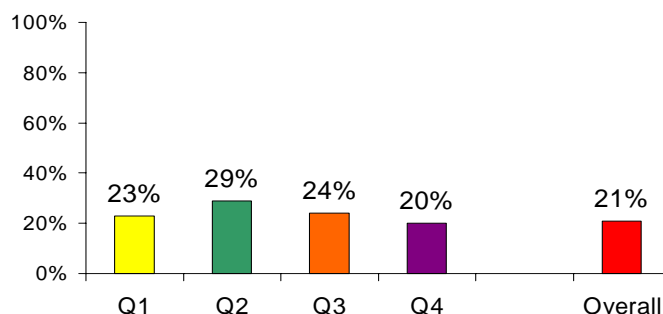
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FIGURE 25
Overall Evaluation of Interactions with
Vehicle Manufacturer's Representatives:
Percent Positive (Good + Excellent)



Group Differences

- ❖ 26 Respondents whose cases were administered by the CDSP, whose hearings were conducted in-person, who received an award as an outcome of their arbitration, and who owned Toyota vehicles were the most positive in their overall evaluations of the vehicle manufacturer's representatives.
- ❖ 27 Those who received awards also rated the other four aspects of their interactions with the representatives more positively than those who did not receive awards.

A series of chi-square analyses (60 analyses in total) were run to determine if there were any characteristics that distinguished those who rated the various aspects of their interactions with the vehicle manufacturer's representatives positively from those who gave negative evaluations. Results indicated, first of all, that no demographic variables were significant – respondents' evaluations of the manufacturer's representatives were independent of age, gender, ethnicity, income, or education.

Results from the analyses of the overall evaluation indicated four significant differences:

- respondents whose cases were administered by the CDSP (responsible for Toyota, Scion, and Porsche vehicles) were significantly more positive in their overall evaluations of the manufacturer's representatives (33% gave ratings of "good" or "excellent") than were those whose arbitrations were processed through either the BBB Auto Line Program (19%) or the DSB (14%),

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- those whose hearings were conducted in-person were more positive (24%) overall than those hearings that were by teleconference (15%) or documents-only (13%),
- those who received an award as a result of arbitration were more positive (29%) than those who did not (16%), and
- owners of Toyota (34%) and Nissan (25%) vehicles were more positive in their overall evaluation of interactions with the vehicle manufacturer's representatives than owners of Ford (14%) and Chevrolet (12%) vehicles.

Results from the analyses of courtesy yielded three significant differences:

- respondents who received an award were more positive (44%) than those who did not (32%),
- respondents whose cases were administered by the CDSP felt the manufacturer's representatives were more courteous (50%) than those whose arbitrations were processed through either the DSB (35%), or the BBB Auto Line Program (33%), and
- owners of Toyota vehicles found their manufacturer's representatives to be more polite (51%) than owners of Chevrolet (39%), Nissan (32%), or Ford (31%) vehicles.

Results from the analyses of accessibility also yielded three significant differences:

- respondents who received an award felt the representatives were more accessible (33%) than those who did not (23%),
- respondents whose cases were administered by the CDSP felt the manufacturer's representatives were more accessible (40%) than those whose arbitrations were processed through either the DSB (25%), or the BBB Auto Line Program (23%), and
- owners of Toyota vehicles found their manufacturer's representatives to be more accessible (42%) than owners of Chevrolet (27%), Nissan (27%), or Ford (25%) vehicles.

Results from the analyses of providing documentation prior to the hearing as well as the accuracy of the information provided yielded only one significant difference for each:

- respondents who received an award felt the representatives provided more documentation (37%) which was more accurate (32%) than those who did not receive an award (21% and 20%, respectively).

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Received a Manufacturer's Offer Prior to the Hearing

- ❖ 28 *Just over a third of those surveyed (36%) received a manufacturer's offer to settle the case prior to the arbitration hearing. Nissan and Ford manufacturers tried to settle more frequently than Toyota.*

Respondents were asked whether or not the manufacturer had offered to settle their claim prior to the arbitration hearing. Thirty-six percent responded affirmatively. Further analyses indicated that Nissan (44% of Nissan owners said they had been approached to settle prior to the arbitration hearing) and Ford (39%) tried to settle more frequently than Toyota (24% of respondents received a prior offer).

Key Contributors to Overall Ratings

- ❖ 29 *Courtesy was the most important factor in terms of overall satisfaction with the vehicle manufacturer's representatives, followed by the accuracy of the information provided, and accessibility.*

There is a way of analyzing the various attributes of a process in terms of which are most **important** to consumers, and that is by ranking the aspects according to how they relate to satisfaction with the overall process. In this instance, multiple regression analyses were conducted to assess which aspects (courtesy, accessibility, accuracy of information, and providing documentation prior to the hearing) of participant interactions with the vehicle manufacturer's representatives contributed the most to overall ratings of interactions with the representatives.

Results indicated that the **most** important aspect contributing to overall satisfaction with the vehicle manufacturer's representative was courtesy. Respondents who found the representatives to be courteous were more likely to also be satisfied overall with their interactions with vehicle manufacturer's representatives. Similarly, those who found the representatives impolite gave lower overall evaluations. Other attributes that were correlated to overall satisfaction with the vehicle manufacturer's representatives (although at a lower level) included the accuracy of the information provided and accessibility.

In summary, if vehicle manufacturers were to improve these three aspects (courtesy, accuracy, and accessibility), the overall ratings of interactions with the individuals who represent the vehicle manufacturers should also improve.

EVALUATION OF ADMINISTRATION SERVICE

Cumulative Results

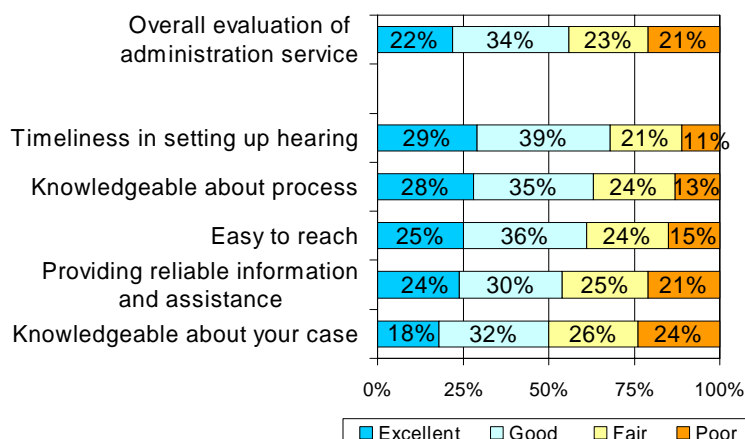
- ❖ 30 Ratings of the administration service were more positive than evaluations of the vehicle manufacturer's representatives. The administration service was rated highest in terms of timeliness for setting up the hearing, followed by being knowledgeable about the process and being easy to reach.

Respondents were asked for an overall evaluation as well as to evaluate a series of aspects regarding their interactions with the administration service (DSB, BBB Auto Line Program, or the CDSP) that processed their arbitration case. Results, presented in Figure 26, indicate, first of all, that evaluations of the administration service were generally more positive than the just-discussed evaluations of the vehicle manufacturer's representatives. In terms of the overall assessment of the administration service, it can be seen that the majority of respondents (56%) were positive in their evaluations.

In terms of the individual aspects, results indicated that the timeliness of setting up the hearing (68% of respondents rated it "good" or "excellent") was rated the highest, followed by being knowledgeable about the arbitration process (63%), followed by accessibility, that is, being easy to reach (61%), and providing reliable information and assistance (54%). The lowest positive rating (50%) was in terms of knowledge about the specifics of the respondent's case.

FIGURE 26

Assessment of Administration Service



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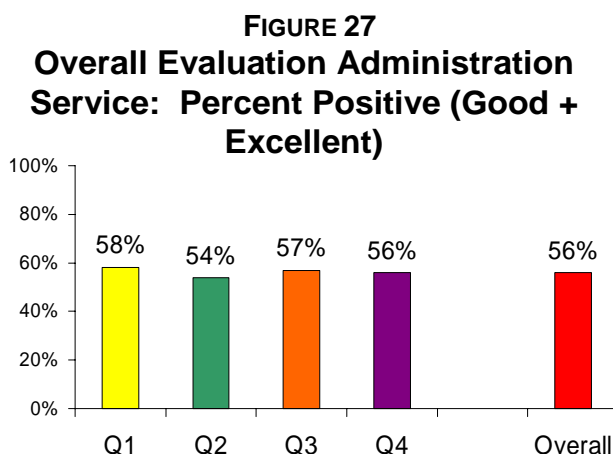
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Quarterly Results

- ❖ 31 Overall evaluations of the administration service that processed the arbitration remained the same over the course of the year.

Figure 27 shows the percent of positive (combined ratings of “good” plus “excellent”) ratings of overall evaluations of the administration service. Results of a chi-square analysis indicate no significant differences from one quarter to the next.



Group Differences

- ❖ 32 The BBB Auto Line Program received the highest overall evaluation. The outcome of arbitration as well as how it was conducted significantly influenced evaluations of the various aspects of the administration service.

Seventy-two chi-square analyses were run to determine if there were any characteristics that distinguished those who rated the administration service positively from those who gave negative evaluations. Results again indicated that no demographic variables were significant – respondents’ evaluations of the administration service were independent of age, gender, ethnicity, income, or education.

Two factors that consistently emerged as differentiating features included whether or not an award was received, and how the arbitration was conducted (documents-only, teleconference, or in-person). Respondents who received arbitration awards were significantly more likely than those who did not receive awards to give positive ratings about the administration service in terms of:

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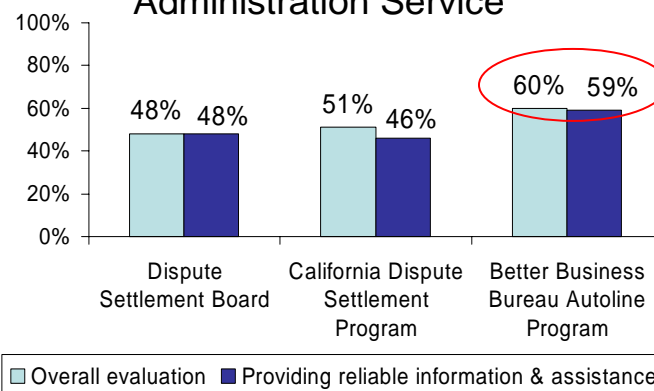
- Knowledge about the case (74% vs. 33%),
- Knowledge about the process (79% vs. 52%),
- Timeliness in setting up the hearing (81% vs. 59%),
- Being easy to reach (75% vs. 50%),
- Providing reliable information and assistance (75% vs. 39%), and
- Overall evaluation (78% vs. 40%).

Respondents whose arbitration was conducted in-person or by teleconference were significantly more positive than those whose hearings were conducted by the documents-only process:

- Knowledge about the case (55% for in-person vs. 43% for teleconference vs. 30% for documents-only),
- Knowledge about the process (68% vs. 60% vs. 42%),
- Timeliness in setting up the hearing (72% vs. 67% vs. 51%),
- Being easy to reach (65% vs. 58% vs. 38%),
- Providing reliable information and assistance (59% vs. 52% vs. 29%), and
- Overall evaluation (61% for in-person vs. 51% for teleconference vs. 32% for documents-only).

In addition, respondents whose arbitration was processed through the BBB Auto Line Program were significantly more positive in their overall evaluation of the administration service and in terms of providing reliable information and assistance than were respondents in the other two programs, as shown in Figure 28.

FIGURE 28
Overall Evaluation of Administration Service: Percent Positive by Type of Administration Service



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Key Contributors to Overall Ratings

- ❖ 33 *The three aspects that are the most important and highly correlated with overall satisfaction with the administration service include (in rank order):*

- 4. Being knowledgeable about the process,*
- 5. Providing reliable information and assistance, and*
- 6. Being knowledgeable about the specific case.*

Regression analyses identified three important factors in terms of overall satisfaction with the administration service (listed in order): being knowledgeable about the process, providing reliable information and assistance, and being knowledgeable about the specific case. Respondents who were satisfied with these three areas of the administration services were more likely to also have favorable opinions of the organization that processed their arbitration case (and vice versa).

In other words, the results of these analyses suggest that change for the better in any one of these attribute areas should result in an increase in positive ratings of the administration service.

ASSESSMENT OF THE ARBITRATOR (TELECONFERENCE AND IN-PERSON MODES ONLY)

Cumulative Results

- ❖ 34 *Although evaluations of the arbitrator were relatively positive in terms of courtesy, professionalism, and knowledge about the law and the arbitration process; respondents were less satisfied with the arbitrator's level of preparedness, and knowledge about their specific cases. In addition, the majority of respondents felt the arbitrator did not act fairly.*

Respondents whose cases were arbitrated either in-person or by teleconference were asked to assess the arbitrator assigned to their hearing in terms of:²⁰ professionalism, knowledge about their case, knowledge about the process, courtesy, fairness, being prepared for the hearing, and knowledge about the law, using a four-point scale. They were also asked for an overall evaluation of the arbitrator. Results are presented in Figure 29. In terms of overall evaluations of the arbitrator, respondents are split – just over half (54%) rated the arbitrator as “good” or “excellent” and just under half (46%) gave negative ratings of “poor” or “fair.”

It can also be seen that over 70% of these respondents rated their arbitrator positively (combined ratings of “good” plus “excellent”) in terms

²⁰ The exact wording of the question was: “Now I'd like you to evaluate your experience with the Arbitrator, that is, **the actual person who reviewed and ruled on your case**. Overall, would you rate the Arbitrator poor, fair, good, or excellent?”

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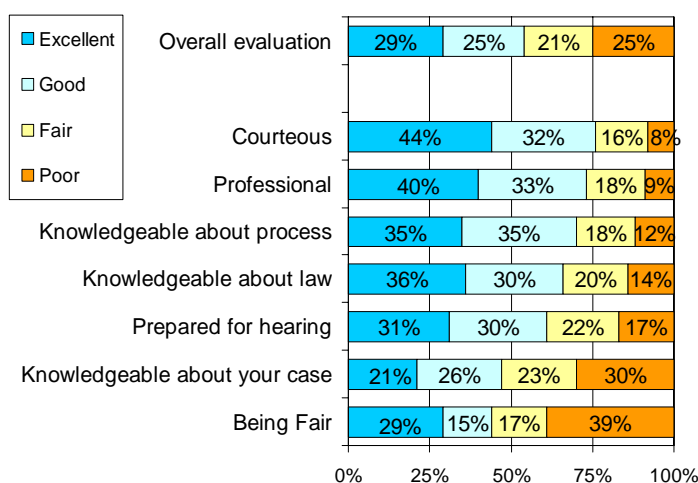
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of courtesy, professionalism, and knowledge about the process. Slightly fewer (66%) also rated the arbitrator's knowledge about the law and preparedness for the hearing (61%) positively. However, respondents were decidedly less positive when it came to rating the arbitrator's knowledge about their specific case and their fairness – about half (48%) gave ratings of “good” or “excellent;” and only 44% thought the arbitrator acted fairly.

FIGURE 29

Assessment of Arbitrator

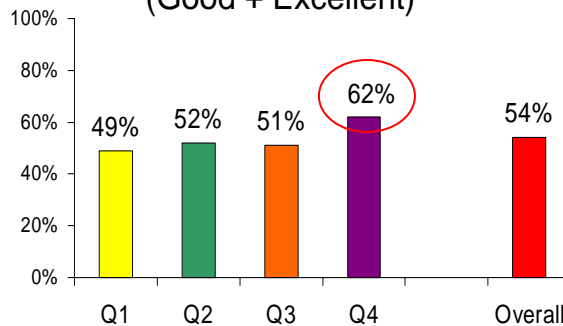


Quarterly Results

- ❖ 35 Overall evaluations of the arbitrator improved significantly in the fourth quarter of 2005.

Figure 30 shows the percent of positive (combined ratings of “good” plus “excellent”) ratings of overall evaluations of the arbitrator in all survey quarters. Results of a chi-square analysis indicated that fourth quarter evaluations of the arbitrator were significantly higher from all other quarters in 2005. Whether this corresponds to any changes in arbitrators, how they are trained, or changes in the process is something the client (ACP) could examine.

FIGURE 30
(Teleconference and In-Person
Respondents Only): Percent Positive
(Good + Excellent)



Group Differences

- ❖ 36 *There were no significant differences in attribute ratings of the arbitrator due to any demographic characteristics; however, respondents who received awards rated the arbitrator significantly more positively in every aspect than those who did not receive awards.*

Although 96 separate chi-square analyses were run to determine group differences (8 traits by 12 grouping variables), very few significant differences emerged. Results indicated, first of all, that there were no statistically significant differences in the evaluative ratings of arbitrator attributes due to demographic characteristics. One consistent difference that did emerge was related to the outcome of the arbitration in that:

- respondents who received awards rated the arbitrator significantly more positively on all traits (generally over 80%) than did respondents who did not receive awards (positive ratings were generally less than 50%, and in the case of “being fair,” positive ratings were as low as 18%).

A few other differences were due to the mode of the hearings:

- those whose hearings were held in-person as opposed to via teleconference were significantly more positive in their overall evaluations of the arbitrator (57% for in-person vs. 45% for teleconference), his or her professionalism (75% vs. 65%), and the level of preparedness for the hearing (63% vs. 52%).

One final difference was due to the administration service:

- those whose arbitration was run through the CDSP Board were significantly less likely than those in the other two programs to rate the arbitrator as “being fair,” as can be seen in Figure 31. It can

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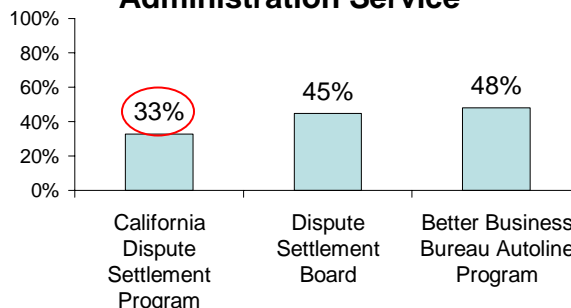
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also be seen that positive evaluations of the fairness of the arbitrator are relatively low, regardless of the administration program.

FIGURE 31
Evaluation of Arbitrator as “Being Fair”: Percent Positive by Administration Service



Key Contributors to Overall Ratings

- ❖ 37 The most important attributes in terms of overall evaluations of the arbitrator included: being fair, being knowledgeable about their case, and being professional.

A multiple regression analysis was run to determine which attributes were the most **important** to respondents in terms of their overall evaluation of the arbitrator. Results indicated that arbitrator fairness, knowledge about their specific case, and professionalism were significantly related to overall assessments: respondents who were more positive about the arbitrator overall were also more likely to rate these attributes positively. Similarly, those less satisfied overall with the arbitrator were more likely to rate these same attributes negatively. In other words, the results of this analysis indicate that improvements in any one of these attribute areas should result in an increase in overall positive evaluations of the arbitrator.

MOST IMPORTANT PROCESS TO CONSUMERS

- ❖ 38 Although evaluations of the vehicle manufacturer’s representative, interactions with the administrative service, and evaluations of the arbitrator all contributed to overall satisfaction with the entire arbitration process, satisfaction with the arbitrator was the most important part of the process to consumers.

In order to see which overall aspects of the arbitration process were most important to consumers, we ran bivariate correlations to assess the

strength of the relationship between satisfaction with each of the three processes just discussed (vehicle manufacturer's representatives, the administration service, and the arbitrator) and overall satisfaction with the entire arbitration process. In other words, we included in the analysis ratings of overall satisfaction with arbitration (question 20), overall assessments of the manufacturer's representative (question 80), the administration service (question 115) and the arbitrator (question 205). Results indicated that while all three processes were significantly related to overall satisfaction with arbitration, ratings of the arbitrator were more "important" than overall assessments of the administration service, followed in turn by evaluations of the vehicle manufacturer's representative.

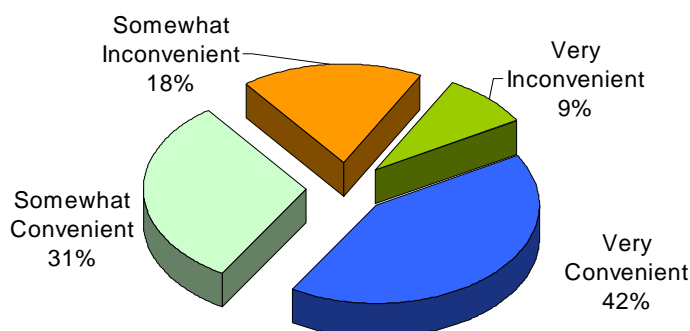
SPECIFIC EVALUATIONS WITHIN MODE OF ARBITRATION HEARING

Conference Call Hearing

- ❖ 39 *The scheduling of teleconference hearings was convenient and the transmission quality of the call was fine for the majority of respondents who had their cases arbitrated by telephone conference.*

Those respondents whose cases were arbitrated by teleconference in 2005 were asked to rate the convenience of the time when the teleconference hearing was scheduled, using a four-point scale. Figure 32 indicates that, for the majority of respondents (73%), the scheduling was not a problem. Only 9% felt the scheduled time was "very" inconvenient.

FIGURE 32
Conference Call Hearing:
Convenience of Scheduled Time



It can be seen in Figure 33 that transmission quality was also not a problem for hearings conducted by teleconference. Three quarters of respondents rated call quality as "good" or "excellent."

FIGURE 33

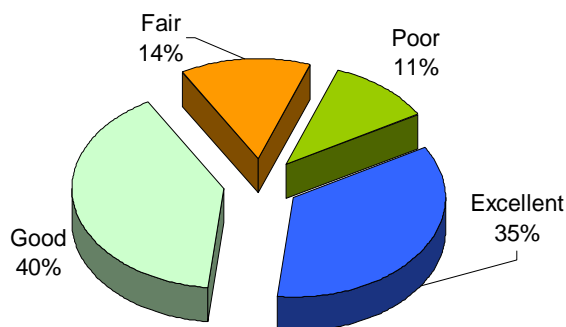
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Conference Call Hearing: Transmission Quality of Call



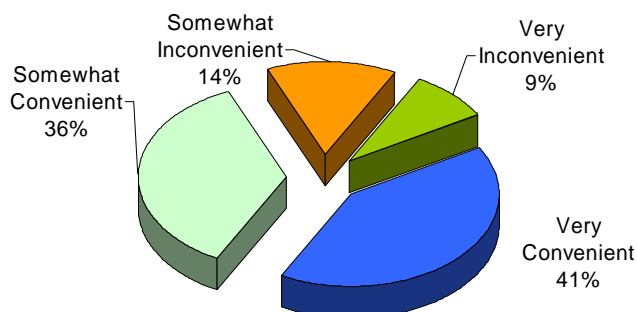
In-Person at a Specific Location

Convenience: Time and Location

- ❖ 40 The convenience of the time and location of the arbitration hearing was not a problem for nearly three-quarters of respondents who attended the in-person arbitration hearings.

The 70% (a total of 561) of all respondents who had their hearings arbitrated in-person in 2005 generally found the time and location of their hearings to be convenient. Figure 34 indicates that the majority of respondents felt the time scheduled for the in-person hearing was "somewhat" (26%) or "very" (41%) convenient. Fourteen percent felt it was "somewhat" inconvenient and only 9% felt the time scheduled was "very" inconvenient for them.

FIGURE 34
In-Person Hearing: Convenience
of Scheduled Time



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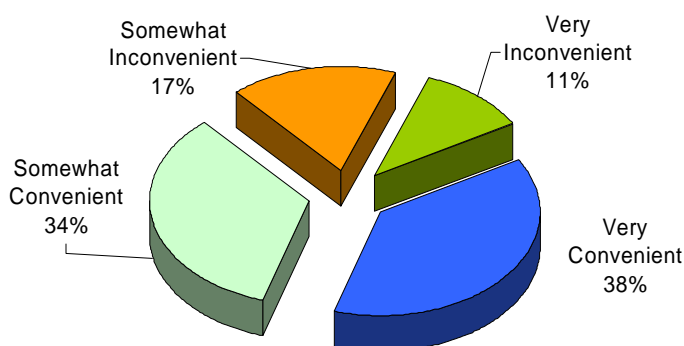
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Ratings of the convenience of the hearing location are presented in Figure 35. It can be seen that the majority of respondents felt the location was convenient – 34% said the location was “somewhat” convenient and a further 38% said it was “very” convenient. Only 11% of these respondents felt the location of the hearing was “very” inconvenient.

FIGURE 35
In-Person Hearing:
Convenience of Location



Regional Location

- ❖ 41 *In-person hearings were held in cities throughout the state, but approximately half took place in the area around Los Angeles.*

The specific cities where the in-person arbitration hearings were conducted are presented in the statistical binders. For the purposes of this report, locations were grouped into roughly five geographical regions. It can be seen in Table 9 that approximately 48% of the in-person hearings took place in the Los Angeles area, followed by 21% in the Bay Area, followed by 11% in Southern California, 10% in Northern California, and the remaining 10% in the Central Valley.

TABLE 9: LOCATION OF IN-PERSON HEARINGS

LOCATION	PERCENTAGE
Northern California:	10%
Central Valley:	10%
Bay Area:	21%
Los Angeles Area:	48%
Southern California:	11%

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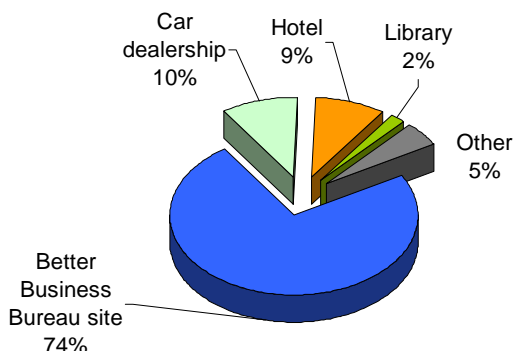
Type of Venue

- ❖ 42 *In-person hearings were most frequently conducted at BBB sites (nearly three-quarters of all the in-person hearings), followed by car dealerships, and then hotels.*

The specific offices where the in-person hearings were arbitrated are presented in Figure 36. It can be seen that the majority (74%) took place at BBB sites, followed by car dealerships (10%), hotels (9%), and, interestingly, a library (2%). Five percent were conducted at other locations.

FIGURE 36

In-Person Hearing: Location

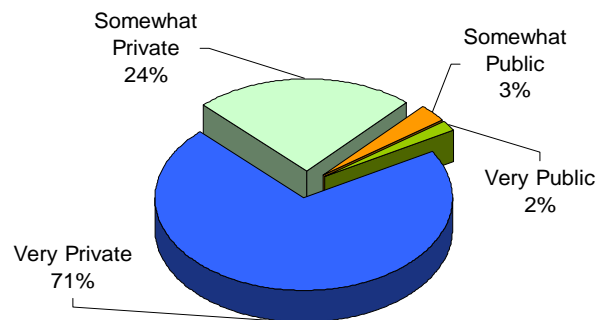


Privacy of In-Person Hearings

- ❖ 43 *Nearly all (95%) of respondents who had their cases arbitrated in-person rated the hearing environment as “private.”*

The privacy of the in-person hearings was not an issue – it can be seen in Figure 37 that 71% of these respondents assessed the hearing environment as “very” private and a further 24% rated it as “somewhat” private. Only 5% of respondents said the hearing locations were “somewhat” or “very” public.

FIGURE 37
In-Person Hearing:
Privacy of Hearing Environment



IMPROVEMENT OF PROCESS

Likelihood of Repeating Same Process

Cumulative Results

- ❖ 44 Respondents in 2005 were split about whether or not they would request that their hearing be conducted in the same manner, if they had to go through arbitration again.

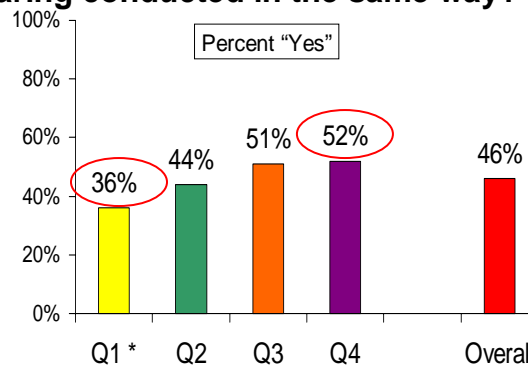
The survey asked respondents: “if you had to go through vehicle arbitration again, would you want your hearing conducted in the same way?” Results for the year combined indicated a split: just under half would undergo the same process (46%) and just over half (54%) would choose a different manner in the future.

Quarterly Results

- ❖ 45 About half of all respondents interviewed in the second, third, and fourth quarters said they would request that their hearing be conducted in the same manner, if they had to go through arbitration again. This is significantly different from first quarter results, when the majority said they would have chosen a different manner.

It can be seen in Figure 38 that there was a significant shift over time, particularly from first quarter results, when only 36% of respondents said they would want their hearing conducted in the same way if they had to undergo arbitration again. By the fourth quarter, slightly over half (52%) would do it the same way.

FIGURE 38
If you had to go through vehicle arbitration again, would you want your hearing conducted in the same way?



(* indicates a statistically significant difference from all other quarters)

Group Differences

- ❖ 46 Those respondents who received awards as well as those who experienced in-person hearings were more likely to be willing to repeat the same hearing process if they had to experience vehicle arbitration again.

Results of chi-square analyses indicated that arbitration award recipients would be more likely to use the same hearing mode if they had to go through vehicle arbitration again (79% award recipients vs. 22% no award).

Although percentages are not high, respondents whose hearings were held in-person were more likely to want to have the same type of hearing conducted should they have to go through arbitration again than those whose case was arbitrated by teleconference or with documents only. The following table shows the proportions by type of hearing.

TABLE 10: REPEAT SAME PROCESS BY TYPE OF HEARING

TYPE OF HEARING	% SAID YES (TO CONDUCTING HEARING IN THE SAME WAY)
In-person	52%
Teleconference	34%
Documents only	24%

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Those respondents whose hearings were arbitrated through the BBB Auto Line were also more likely to want to repeat the hearing (50%) than those whose cases were arbitrated through either the DSBoard (40%) or the CDSP (40%), but none of these percentages indicates a strong endorsement for wanting to repeat the arbitration hearing in the same way. No demographic characteristics defined those who would repeat the same process from those who would choose a different manner.

Likelihood of Recommending Arbitration

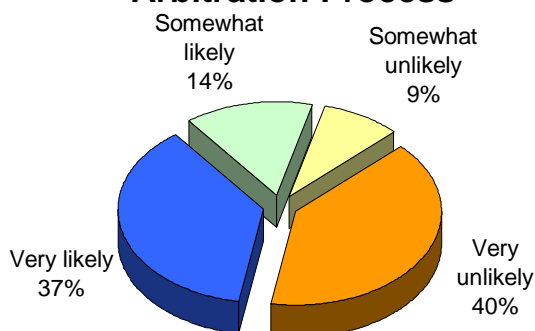
Cumulative Results

- ❖ 47 Respondents were split about whether or not they would recommend the process to others. Just over half of those surveyed would recommend the arbitration process to a friend, and just under half were unlikely to recommend arbitration.

A final way of evaluating the effectiveness of a program is to assess how likely someone is to recommend the product or service to others. With the arbitration process, a combined total of 52% were “somewhat” or “very” likely to recommend the process to a friend or family member, indicating once again that there is much room for improving the image of the arbitration process. Just under half (48%) were either “somewhat” (9%) or “very” (45%) unlikely to recommend arbitration.

FIGURE 39

Likelihood of Recommending the Arbitration Process



Quarterly Results

- ❖ 48 The likelihood of recommending arbitration did not change from one quarter to the next.

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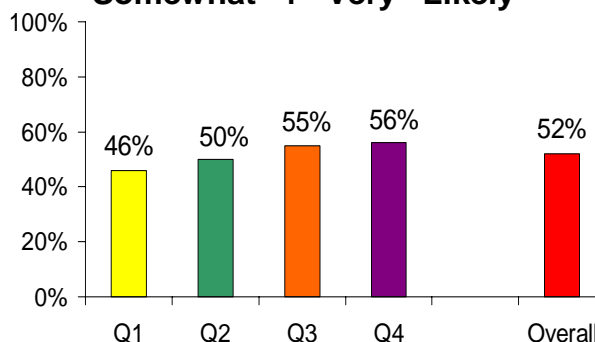
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Although there appears to be a slight increase in the likelihood of recommending the arbitration process to a friend from one quarter to the next, the differences were not statistically significant.

FIGURE 40
Likelihood of Recommending the Arbitration Process: Percent “Somewhat” + “Very” Likely



Group Differences

- ❖ 49 Those respondents who received awards were the most likely to recommend arbitration. Those who went through the CDSP and owned Toyota vehicles were the least likely to recommend the process.

Results of chi-square analyses indicated that no demographic characteristics distinguished those likely to recommend the process from those unlikely to recommend arbitration. The few differences that were found indicated that:

- arbitration award recipients were more likely to recommend the arbitration process (82% “very” or “somewhat” likely) than those who did not receive an award (29%),
- those who had hearings by documents-only were less likely to recommend arbitration (33%) than teleconference (51%) or in-person (54%) respondents,
- those who went through the CDSP were less likely to recommend the process (42%) than those arbitrated through either the BBB Auto Line Program (55%) or the DSB (51%), and
- Toyota owners were significantly less likely to recommend arbitration (42%) than were Ford (56%) and Chevrolet (57%) owners.

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Suggestions for Improvement

- ❖ 50 *Nearly half of all respondents suggested improvements to the arbitration process, ranging from making the process fairer and using arbitrators that are unbiased and who have more vehicle knowledge to having better locations and making it a faster process overall.*

Near the end of the survey, all respondents were asked to suggest one major change that could improve the arbitration process. Slightly more than half (52%) of all respondents had no suggestions. Among those who did, the ideas have been categorized and are grouped according to whether or not an arbitration award was received.

Among Award Recipients

Among respondents who received an arbitration award, the most common suggestions dealt with the hearing location (11%) and the speed of the process (11%). About 11% gave suggestions regarding the arbitrator, such as “use unbiased arbitrators” (5%), “arbitrators should have more vehicle knowledge” (3%), and other arbitrator issues (3%). Seven percent felt the consumer should be provided with a better understanding of the arbitration process and 6% thought the process should be fairer. A full listing of the verbatim suggestions can be found in the statistical binder. Figure 41 shows the categories and respective percentages for the responses that were grouped together.

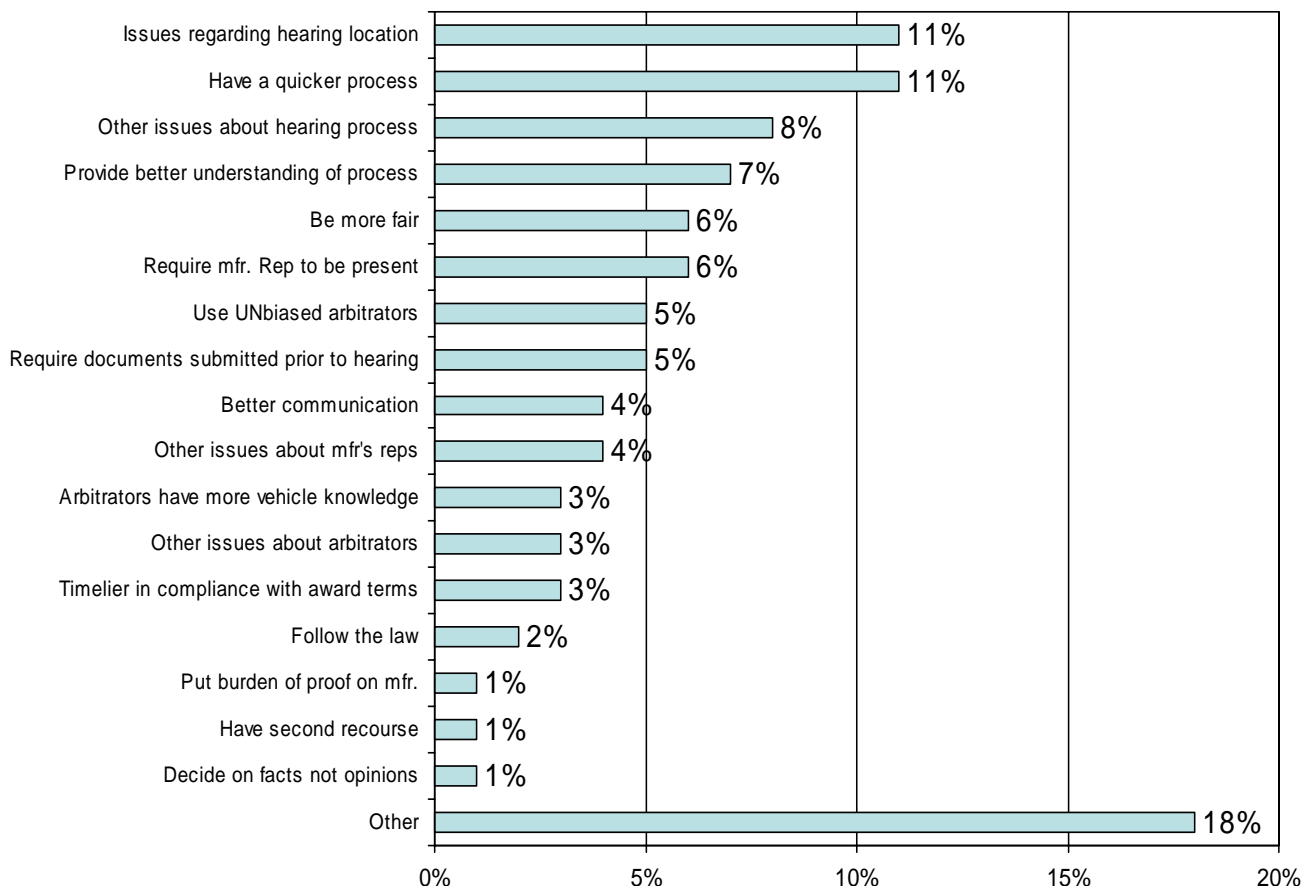
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FIGURE 41
Suggestion for Improvement
(among those who received an award)



Among Those Denied an Award

Respondents who did not receive an award had similar ideas about how to improve the arbitration process, although the frequency with which each was mentioned differed. As shown in Figure 42, arbitrator issues were mentioned by about 27%, suggesting the use of unbiased arbitrators (9%), arbitrators with more vehicle knowledge (9%) and other arbitrator issues (9%). The most commonly-mentioned specific improvement among this group of ACP participants focused on fairness, mentioned by 18% of those who volunteered an idea. Nine percent suggested ideas about the hearing process itself, while slightly fewer requested the manufacturer's representative be present at the hearing (5%) as well as better communication (5%). Again, a full listing of the verbatim suggestions can be found in the statistical binder.

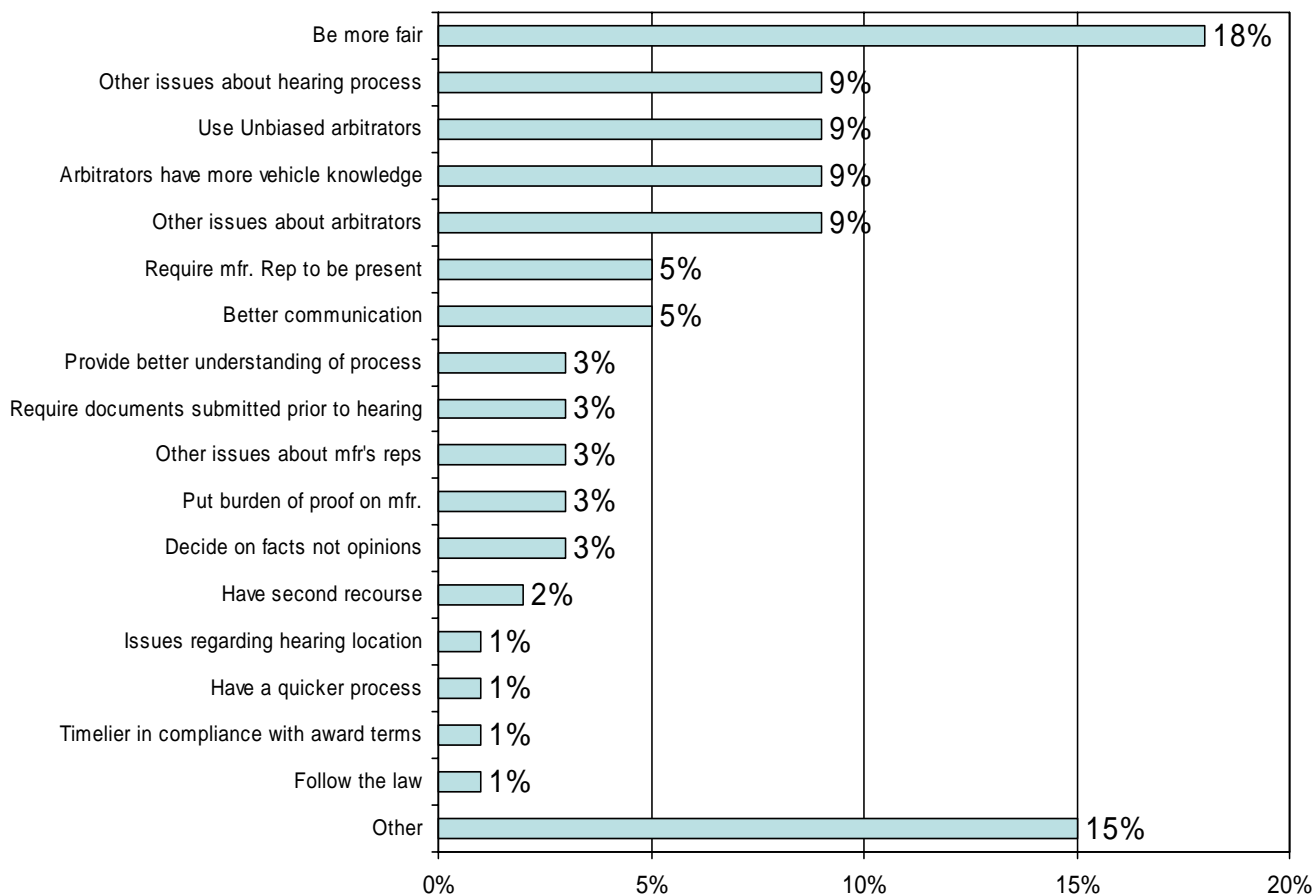
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FIGURE 42
Suggestion for Improvement
(among those who did **NOT** receive an award)



DEMOGRAPHICS

Summary Table

- ❖ 51 The plurality of survey respondents who had vehicles arbitrated in 2005: were males, were aged between 35 to 44 years, were well educated (college degree or higher), were Caucasian, lived in households with annual incomes of \$100,000 or more, spoke English at home, had home computers with Internet access, and owned their vehicles. The median number of vehicles in the household was two.

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Respondents were asked a series of demographic questions at the end of the questionnaire. The next table includes results from each quarter as well as the annual combined results. The pluralities summarized above are indicated in bold typeface. (The total of some columns may not add up to 100% due to rounding.)

TABLE 11: DEMOGRAPHIC CHARACTERISTICS

GENDER	Q1	Q2	Q3	Q4	OVERALL
Female	38%	38%	35%	35%	37%
Male	62%	62%	65%	65%	63%

AGE	Q1	Q2	Q3	Q4	OVERALL
18 – 24	5%	6%	45%	5%	5%
25 – 34	26%	19%	20%	17%	20%
35 – 44	32%	33%	26%	27%	30%
45 – 54	19%	20%	27%	23%	22%
55 – 64	12%	13%	15%	19%	15%
65+	6%	9%	7%	9%	8%

EDUCATION	Q1	Q2	Q3	Q4	OVERALL
High school or less	11%	19%	15%	15%	15%
Trade or vocational school	5%	4%	7%	5%	5%
Some college	34%	30%	30%	36%	32%
College graduate	25%	28%	27%	29%	28%
Post graduate work or degree	25%	19%	21%	15%	20%

ETHNICITY	Q1	Q2	Q3	Q4	OVERALL
African-American	5%	7%	5%	5	6%
Asian / Pacific Islander	9%	6%	11%	%	7%
Caucasian	68%	62%	59%	63%	63%
Hispanic / Latino	15%	22%	24%	24%	21%
Other	3%	3%	1%	2%	3%

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INCOME	Q1	Q2	Q3	Q4	OVERALL
Under \$20,000	4%	6%	3%	5%	5%
\$20,000 to \$39,999	14 %	12%	11%	14%	13%
\$40,000 to \$59,999	14%	15%	16%	13%	15%
\$60,000 to \$79,999	19%	15%	18%	14%	16%
\$80,000 to \$99,999	15%	15%	16%	13%	15%
\$100,000 or more	34%	37%	36%	40%	37%

PRIMARY IN HOME LANGUAGE	Q1	Q2	Q3	Q4	OVERALL
English	88%	83%	86%	84%	85%
Spanish	7%	13%	9%	11%	10%
Other	5%	4%	5%	5%	5%

INTERNET ACCESS FROM HOME	Q1	Q2	Q3	Q4	OVERALL
Internet access from home computer	86%	82%	91%	87%	86%
Home Computer, but no Internet access	4%	4%	2%	2%	3%
No home computer	10%	14%	7%	11%	11%

Specific Vehicle Characteristics

In terms of the number of vehicles that respondents had in their household, responses ranged from one to 12. The most common response (mode) as well as the median²¹ was two vehicles.

²¹ The median number represents the 50th percentile, a point in which half of the responses lie above this and half of the responses lie below this number. Given the wide range of responses, this is more meaningful than the average (or mean), which was 2.83.

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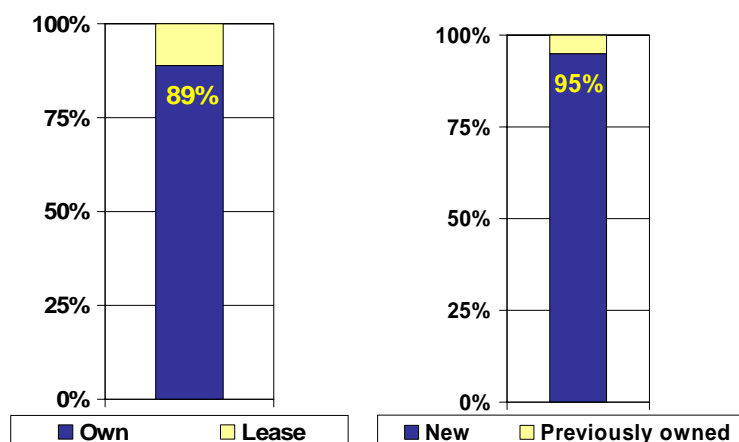
TABLE 12: VEHICLES IN HOUSEHOLD

NUMBER OF VEHICLES IN HOUSEHOLD	Q1	Q2	Q3	Q4	OVERALL
One	18%	12%	13%	10%	13%
Two	36%	40%	32%	40%	38%
Three	22%	24%	30%	24%	25%
Four	11%	13%	18%	15%	14%
Five	6%	6%	4%	6%	5%
More than five	7%	5%	3%	6%	5%

Respondents were also asked if they owned or leased the vehicle in question as well as whether they purchased it new or from a previous owner. Results are summarized in Figure 41. The overwhelming majority of respondents owned the car (89%) and had purchased it new (95%).

FIGURE 43

Vehicle Ownership



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SUMMARY CONCLUSIONS & RECOMMENDATIONS

Over the four quarters of 2005, consumer satisfaction surveys were conducted by telephone or by mail with a total of 853 California residents who went through a vehicle arbitration process as overseen by the ACP of the California Department of Consumer Affairs. The combined results are considered accurate within +/- 2.6%, 19 times out of 20.

Results indicate that overall, while there is much room for improving the visibility and image of the arbitration process, a couple of improvements in satisfaction were seen in the fourth quarter results, possibly due to a change in the dispute resolution program prior to the third quarter.

In general, in 2005, familiarity with the Lemon Law was low - only three in ten respondents had heard about it prior to purchasing their vehicle. Fewer than half of all the respondents surveyed felt the program provided a valuable service for California consumers. The majority of respondents felt the arbitration process was biased in terms of favoring the vehicle manufacturers (although this may be declining) and respondents were split about whether or not they would recommend the process to others.

In terms of overall satisfaction with the entire arbitration process, cumulative results indicated that only four in ten respondents rated their own experience as positive, but quarterly analyses showed a significant improvement in satisfaction from the first to the fourth quarter. This may in part have been due to increases in satisfaction ratings by Ford, Mercury and Lincoln owners whose vehicles were arbitrated by the BBB Auto Line Program in the third and fourth quarters. The BBB Auto Line Program was generally evaluated more favorably than the CDSP or the DSB (now defunct). Respondents whose had an in-person or teleconference arbitration hearing were generally more positive than those whose hearings were conducted by a documents-only process.

Respondents were generally positive in their evaluations of the ease of completing the application form, the documentation required, the convenience of the scheduled time (of in-person and teleconference hearings), the call quality of teleconference hearings, and the location of in-person hearings in terms of convenience and privacy. The process was more likely to be rated as fast than fair, but fairness mattered more to respondents.

More than half (56%) of those surveyed held favorable opinions of their overall experience with the administration service, and slightly fewer (54%) rated their overall experience with the arbitrator positively. The most negative ratings (79%) were of interactions with the vehicle manufacturer's representatives.

In terms of individual attributes, respondents valued courtesy the most in their interactions with vehicle manufacturer's representatives, knowledge about the arbitration process was most important for the administration service, and being fair was the trait most valued in the arbitrator.

Although evaluations of the vehicle manufacturer's representatives, the administrative service, and the arbitrator all contributed to overall satisfaction with the entire arbitration process, interactions with the arbitrator were the most important.

Only four in ten respondents received an award of any type in 2005 as an outcome of arbitration. The same percentage felt the arbitration decision was fair. Those who

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received an award were consistently and significantly more positive in their evaluations of all aspects of the arbitration process than respondents who did not receive an award. The implications of this are obvious, if impractical – if more awards were given, satisfaction with arbitration would increase.

Recommendations:

1. Based on the 2005 survey results, ACP should develop a broad outreach program, including an education campaign, to better inform consumers about the California Lemon Law and the arbitration process. Such a campaign could also help reduce the consumers' dependence on the vehicle manufacturer's representative and the administration service for providing accurate information about the vehicle arbitration process.
2. ACP could use the current results to encourage consumers to have in-person or teleconference hearings instead of following a documents-only process.
3. As ratings of the arbitrator were the most highly related to overall satisfaction with the arbitration process, the role of the arbitrator could be further examined, particularly with regards to perceived bias and knowledge about the arbitration process.
4. Results showing differences between administration services could be presented to upper levels of management of the programs with a view to encouraging process improvement.
5. ACP could encourage vehicle manufacturers to monitor their representatives when dealing with arbitration matters to ensure their manner is at least courteous – the majority of consumers felt the vehicle manufacturer's representatives were not courteous. (Toyota representatives were the most polite.)